



2018/19

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT



WITZENBERG  
MUNICIPALITY

2018/19

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

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**CHAPTER 1:       MAYOR'S FORWARD & EXECUTIVE SUMMARY**

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## COMPONENT A: EXECUTIVE MAYOR'S FORWARD



***“Witzenberg Municipality - A municipality that cares for its community, creating growth and opportunity”***

This Annual Report, in my respectful opinion, presents a fair assessment of the activities and state of affairs of the Municipality for the 2018/19 financial year. I want to express my sincere gratitude to the Speaker, Deputy Executive Mayor, members of the Executive Mayoral Committee, Chairperson of MPAC and all Councillors for their concerted effort to make Witzenberg a better place and commitment to serve our community and different constituencies to the best of their ability. We have achieved our seventh consecutive clean audit from the Auditor General of South Africa. The report however highlights the material impairments of receivables from exchange and non-exchange transactions to the value of R167.7 Million. The recoverability of municipal debt remains a major concern for Council and a special task team was appointed to make recommendations to Council for the recovery of same. The water situation in Tulbagh is still gloomy and mostly as a

result of the Department of Water Affairs inability to sign off on the project despite the Gazetting and approval by National Treasury of the funding of the construction of a new dam over a three year period. Despite the challenges the Municipality remains committed to the provision of quality water to all its citizens on the same standard and conditions, and for which it has received many accolades, for the years to come. The Municipality have embarked on the review of its Spatial Development Framework and we are excited to adopt the new Spatial Framework in May 2020. The framework will set out the vision for the Witzenberg area for the next number of years and will hopefully also give impetus to new economic developments within our area. The framework will also take into account the strategic goals of the Western Cape Province as well as other strategic policies of both National and Provincial Departments.

We have continued to align our budget with our four key performance areas and objectives as set out in our IDP namely:

- 🍌 Essential Services.
  - Sustainable provision & maintenance of basic services
  - Provide for the needs of informal settlements through improved services
- 🍌 Governance
  - Support institutional transformation & development
  - Financial viability
  - To maintain & strengthen relations with international- and inter-governmental partners as well as the local community through the creation of participative structures.
- 🍌 Communal Services
  - Provide and maintain facilities that make citizens feel at home
- 🍌 Socio-Economic Support Services
  - Support the poor and vulnerable through programmes and policy
  - Create an enabling environment to attract investment and support to the local economy.

The relationship with both the Business and Agri-sector is still strong and will continue to grow within the next couple of years. The formal Business sector through CBI is still committed to support Small Businesses from the previously

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disadvantaged community and will continue with the Entrepreneur Development programme. The Witzenberg Municipality remains very much dependent on the Agri industry and will continue to find means of broadening our income stream.

### *Twinning Agreement between Essen and Witzenberg Municipality*

The Municipality will continue to strengthen its relationship with the Essen Gemeente Belgium. The focus area of the Twinning Agreement remains Environmental Management and Youth Development.

### *Extended Public Works Programme*

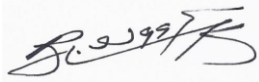
The Witzenberg Municipality is still the beneficiary of a grant to roll out an EPW Project. The Projects are mostly focusing on environmental management and has contributed tremendously to the cleanliness of our towns. A substantial number of unemployed were given employment which we believe also had an impact on our Indigent database.

### *Green Energy*

The Municipality is still focused on implementing projects that will focus on Green Energy. The Municipality has adopted an Energy Policy that will stimulate further development and projects in the Green Energy and Economic Development field.

### *Conclusion*

In conclusion, Witzenberg Municipality faces the future with optimism. I would like to take this opportunity to thank and acknowledge all for their commitment, focus and perseverance to develop our home into a flourishing hub for tourism, business development and agricultural expansion. It gives me great pride to serve Witzenberg as Executive Mayor and I welcome the challenges to come as I know that we will overcome them together.



**BARNITO KLAASEN**  
**EXECUTIVE MAYOR WITZENBERG**

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## COMPONENT B: EXECUTIVE SUMMARY

### 1.1 Municipal Manager's Overview

**Report of the Accounting Officer (Municipal Manager) in terms of Section 121 of the Local Government: Municipal Finance Management Act No 56 of 2003 (the MFMA).**



Mr. David Nasson, Municipal Manager

*The Municipal Finance Management Act (herein referred to as the MFMA) requires the Accounting Officer to do an assessment of any arrears on municipal taxes and service charges as well as the municipality's performance against the measurable performance objects referred to in Section 17 (3)b of the said Act. The latter assessment is dealt with in Chapter 5.1 of the Annual Report.*

#### 1.1.1 Arrears Assessment

The Auditor General of South Africa has, in its report on the 2018/2019 financial statements of the Municipal Council, emphasised the material impairment of R131.5 Million on receivables from exchange transactions. As required by the MFMA my assessment of the arrears on municipal taxes and service charges as at 30 June 2019 is as set out below:

- the gross outstanding service debtors in total increased with 19.97% in relation to the 2017/2018 financial year.
- the leading contributors to the outstanding debt are water at 38.06% and sanitation and refuse at 37.78%.
- the effective implementation of the Credit Control Policy in areas where Eskom is a supplier of electricity is playing a major role in the escalation of the service debtors. Council has approved that prepaid water meters be installed in these areas which will assist in the recouping of the service charges.
- the majority of households are working in the Agri sector which has been adversely affected by drought.
- the Municipality will continue to exercise all legal avenues to collect its outstanding debt.
- concerted efforts are therefore being made, inter alia through capacitating our own debt collection to recover debts older than 90 days which constitutes 69.95% of total outstanding debt.

Credit control measures are progressively tightened up, e.g. service provider to perform disconnection on defaulters.

#### 1.1.2 Revenue Collection

The municipality's performance for revenue collection increased from at 94.2% in 2017/18 to 94.8% in the 2018/2019 financial year. We are mindful that the Municipality's financial sustainability is dependent on its ability to optimally collect the budgeted revenue. Public participation is being done on installation of water management devices and the disconnection of illegal electricity meters.

#### 1.1.3 Material losses / Impairments

##### Electricity






There was a increase in the electricity losses including technical and non-technical losses. The total loss for the financial year was 10.51% compared to the loss of 9.85% in the previous financial year. The electricity losses are mainly the result of ageing infrastructure and theft of electricity in certain areas within the Municipality. The upgrade of the electrical infrastructure will continue in the new financial year which will hopefully lead to a further decrease in



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electricity losses. As part of Councils on-going programme to cut down on energy losses the following corrective measures will be undertaken:

-  conducting an audit of all meters in Municipal area
-  replacing conventional pre-paid meters with split meters
-  updating GIS data to monitor electrical distribution
-  regular special operations to clamp down on electricity theft.
-  setting of competitive feed in tariffs to encourage bulk consumers to feed electricity into our municipal grid for re-sale

## Water

The calculated water loss is 17.73%. This is lower than the 17.88% that was recorded in the 2017/2018 financial year. The technical department is robust and vigorously busy improving the effectiveness of water provision by:

-  installing water meters at unmetered communal taps
-  replacing and repairing bulk meters
-  installing data loggers at strategic sites
-  collecting and calculating monthly data
-  replacing badly leaking/eroded pipes on a program within certain areas.

### 1.1.4 Incidents of Theft / Fraud / Gross Negligence

No incidents of fraud or gross negligence were reported.

### 1.1.5 General and Closing Comments

The maintenance of municipal infrastructure remains a major challenge for the municipality. The poor state of our roads, in some of our municipal, and our inability to rehabilitate same is still a major concern. The economic challenges of our Municipal financial resources and effective management of municipal labour will be crucial for Council to overcome the tough economic challenges. I would further like to take this opportunity to thank our Executive Mayor and Political leadership as well as our Directors and other colleagues for their continuous hard work and effort to lift the bar of Good Governance and Service Delivery.

D NASSON  
MUNICIPAL MANAGER

## 1.2 Municipal Functions, Population & Environmental Overview

This report addresses the performance of Witzenberg Municipality, Western Cape, with respect to their core legislative obligations. Local Government has an obligation to create the participatory framework that defines and enhances the relationships between elected leaders and communities. This requires that the Council of the municipality provides regular and predictable reporting concerning performance programmes and the general state of affairs in their locality.

The 2018/19 Annual Report reflects the performance of Witzenberg Municipality for the period 1 July 2018 to 30 June 2019. The Annual report is prepared in terms of Section 121 (1) of the Municipal Finance Management Act (MFMA), in terms of which the municipality must prepare an Annual report for each financial year.





### 1.2.1 Vision & Mission

#### Our Vision




**A municipality that cares for its community,  
creating growth and opportunities.**

Our Mission:

Witzenberg Municipality is committed to improve the quality of life for the community by:

-  Providing and maintaining affordable services.
-  Promoting social and economic development
-  The effective and efficient use of available resources
-  Effective stakeholder and community participation

Value System:

-  Driven by the aspirations of our community, we will respect and uphold the Constitution of the Republic of South Africa.
-  We commit ourselves to the Code of Conduct for Councillors and Officials in terms of the Municipal Systems Act.
-  We commit ourselves to the principles of sound financial management.

### 1.2.2 Demographic Information

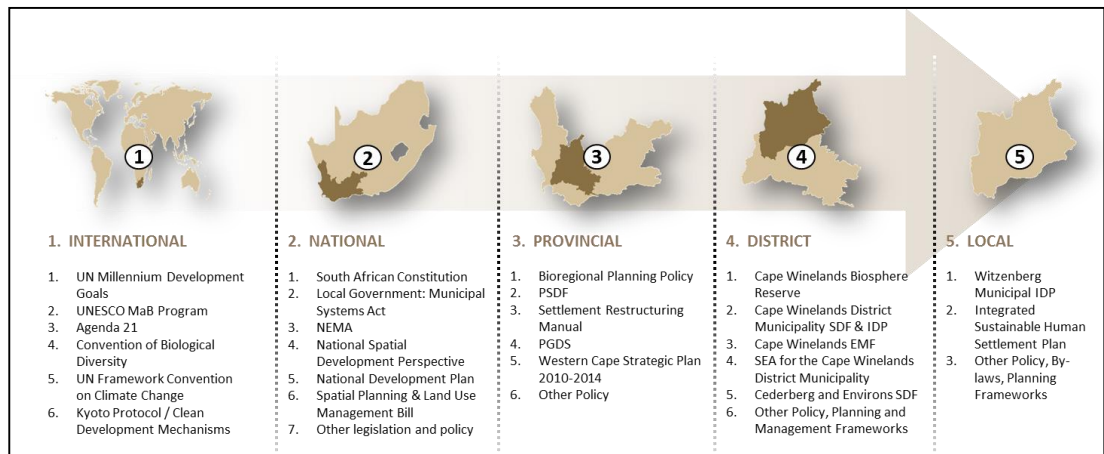
Witzenberg Local Municipality (LM) was founded in 2000 and is classified as a Category B municipality and is responsible for basic service provision in the demarcated municipal area that includes the towns of Ceres, Tulbagh, Prince Alfred's Hamlet, Wolseley and Op-die-Berg. The rural areas within the municipal boundary are Ceres Valley, Koue Bokkeveld, Agter-Witzenberg, Ceres/Tankwa Karoo and the northern portion of Breede River Valley (Land van Waveren).

#### Municipal geographical information:

The climate in Witzenberg is known for hot and dry weather during summer. Winds are seasonal and generally North-westerly or South-easterly. The average annual rainfall in Ceres is about 1 088 mm and the average temperature ranges from 2.4°C to 29.9°C.

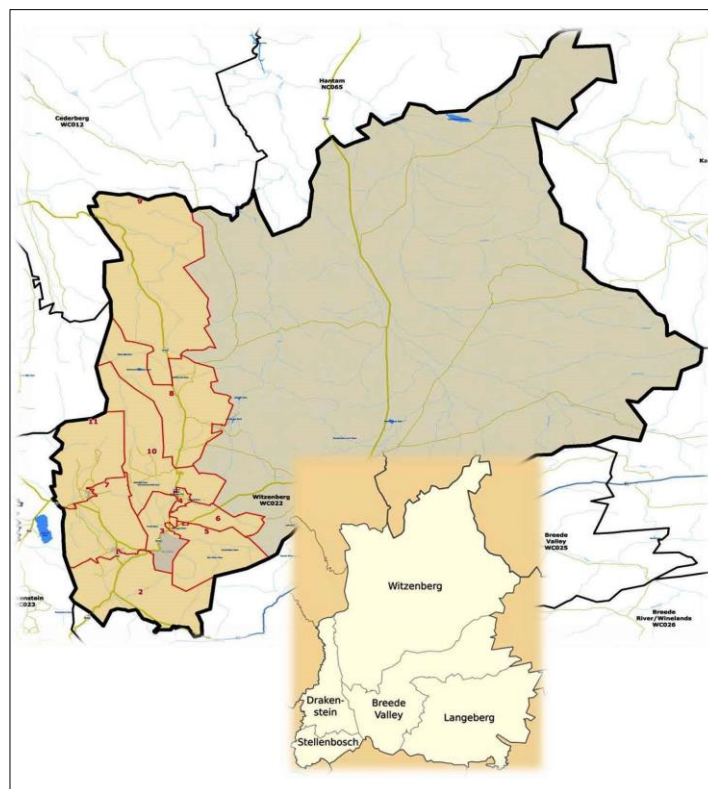
Located in the picturesque and fertile Breede Valley, Witzenberg is renowned for export quality fruit and wine products. The region is also well-known for producing other agronomical products such as olives and grain, and meat products such as beef and pork. Horse and cattle stud farms are also found within the municipal area.

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*Witzenberg Municipality in geographical context.*

Witzenberg LM comprises an area of 10 753 km<sup>2</sup>, and is situated about 150 kilometres North-East of Cape Town. The region is surrounded by three mountain ranges: the Obiqua Mountains to the west, the Winterhoek Mountains to the north and the Witzenberg range to the east. These mountain ranges often receive significant winter snowfall. Witzenberg's natural surroundings are characterized by endemic fauna and flora, forest wilderness and include the catchment areas of three river systems.



*Location of Witzenberg Municipality in the Cape Winelands District.*

From a spatial perspective, some of the challenges facing the various areas of the municipality are:

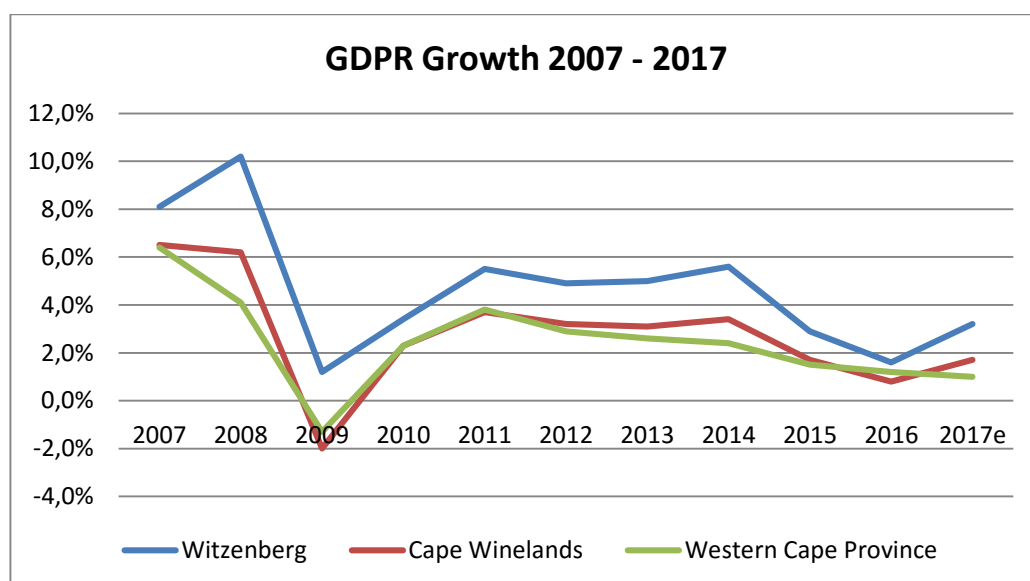
- 🍷 Op-die-Berg and the Koue Bokkeveld: Limited space for human settlement expansion due to bio-physical conditions and the competition for land for various social and agricultural needs.
- 🍷 Prince Alfred Hamlet: A low overall density of development, with definite bio-physical constraints to expansion such as the need to protect biodiversity resources.
- 🍷 Ceres: Main administrative centre with largest industrial developments. Low density development with limited opportunities for diversification.
- 🍷 N'Duli: The scarcity of land to address social needs, and conflict with surrounding agricultural uses.

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- 🍷 Wolseley: Situated alongside major road- and rail transport corridors with the main focus on industrial development. Located on a watershed complicates the provision of services, and the wetland area is unsuitable for development.
- 🍷 Tulbagh: Historical town with focus on tourism development and heritage conservation.
- 🍷 Bella Vista: High density development with under-provision of formal business opportunities.

## 1.2.3 Socio-Economy Summary

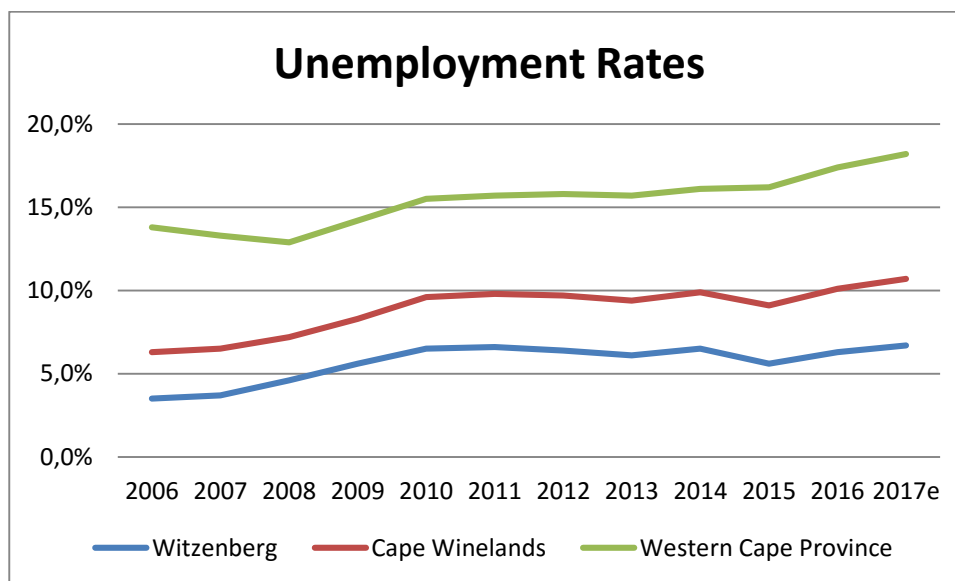
**Economic growth** in the Witzenberg municipal area has been relatively volatile due to its small base and reliance on the agriculture sector which is influenced by national trends and climatic conditions, especially the drought period 2014 to 2017. It is estimated that the economy grew by 3.2 per cent in 2017, which follows the low growth of 1.6 per cent in 2016. The estimated growth in 2017 is mainly due to the boost from the agriculture sector. Despite the local drought, national conditions for this sector were very positive (17.7 per cent) (Quantec Research, 2018), which also influenced sectors on a local level.



Source: Quantec Research, 2018 (e denotes estimate)

**Unemployment** in the Witzenberg municipal area gradually increased to 6.5 per cent in 2010 and hovered around the 6.0 per cent mark up to 2014, before dipping to 5.6 per cent in 2015 and regressing thereafter to peak at 6.7 per cent in 2017. Notwithstanding the uptick, the Witzenberg unemployment rate in 2017 remains considerably lower than the average for the District and the Province. The local agricultural sector is however highly seasonal with the result that unemployment increases drastically during off-season periods.

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Source: Quantec Research, 2018 (e denotes estimate)

**Income Inequality (Gini coefficient):** The National Development Plan has set a target of reducing income inequality in South Africa from a Gini coefficient of 0.7 in 2010 to 0.6 by 2030. Income inequality has been on the increase in Witzenberg between 2012 and 2017 and currently stands at 0.59.

**HDI (Human Development Index):** The United Nations uses the Human Development Index (HDI)<sup>1</sup> to assess the relative level of socio-economic development in countries. Indicators that measure human development are education, housing, access to basic services and health. Per capita income is the average income. It is income per head of the population per year. Per Capita Income might not be the income of every individual in the state. Life expectancy and Infant Mortality Rate are other important criteria for measuring development. There has been an increase in the HDI in Witzenberg from 0.66 in 2016 to 0.67 in 2017. The HDI shows an overall increase in the Cape Winelands and the whole of the Western Cape from 2008 to 2017.

## Wards:

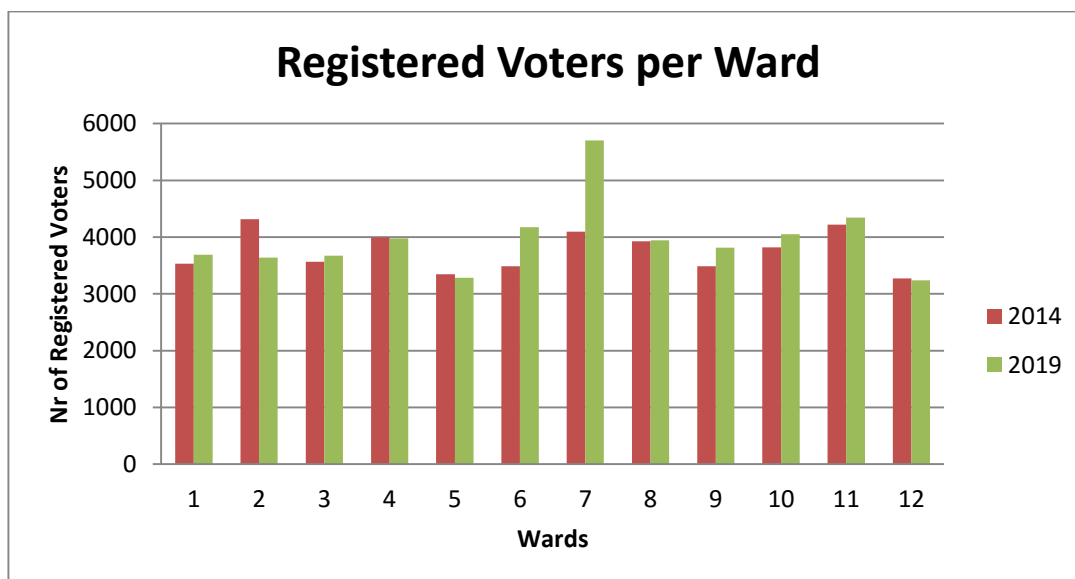
The municipality is currently structured into the following 12 wards:

Ward	Areas	Registered Voters 2014	Registered Voters 2019
1	N'Duli - Polo Cross & Primary School	3529	3688
2	Wolseley - WF Loots, Petra, Bothashalt, La Plaisante	4318	3637
3	Ceres - Primary School, Stadsaal, Fairfield School	3564	3671
4	Prince Alfred's Hamlet - Town Hall, Bella Vista High School, Ceres Aartappels	3994	3976
5	Ceres Vallei Church Hall, Achtertuin Primary school	3347	3282
6	Bella Vista - URC Hall & Community Hall	3484	4177
7	Tulbagh - Community Hall. Wolseley - Primary & Secondary School	4098	5700
8	Op-die-Berg, Koue Bokkeveld - Môrester, Bronaar, Rocklands.	3925	3943
9	Tandfontein, Wydekloof, Voorsorg, Kromfontein	3488	3812

## WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

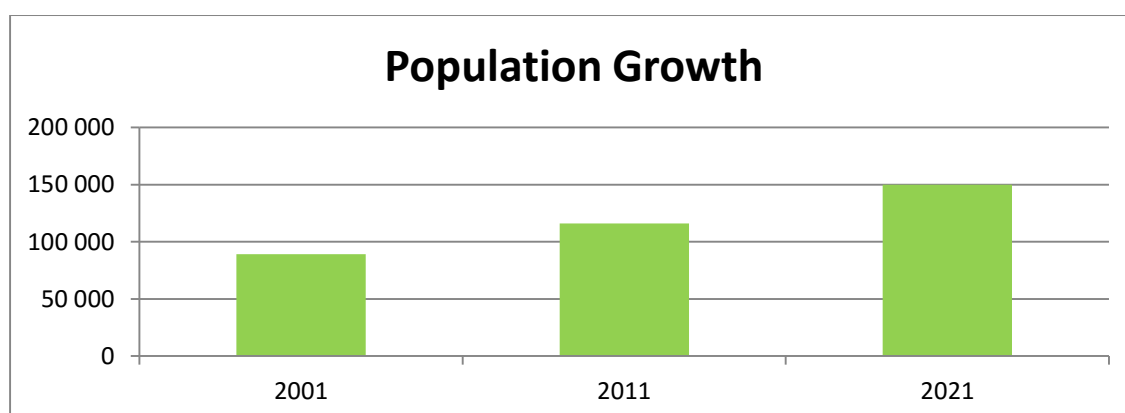
Ward	Areas	Registered Voters 2014	Registered Voters 2019
10	Phase 4 Hamlet, Agter Witzenberg, Koelfontein.	3818	4053
11	Tulbagh - Town Hall & werkestoer, De Agen, Twee Jonge Gezellen.	4222	4346
12	N'Duli - Polo Cross & Primary School	3270	3237
TOTAL Registered Voters		45 057	47 522

Note: In 2014 the norm to determine the size of a ward was 3755 registered voters with a 15% maximum (4318) and minimum (3265).



### 1.2.4 Population

According to the Department of Social Development's 2018 projections, Witzenberg currently has a population of 140 124, rendering it the second smallest municipal area within the Cape Winelands District. This total is estimated to increase to 160 021 by 2024 which equates to a 2.2 per cent growth rate. The estimated population growth rate of Witzenberg is slightly below the estimated population growth of the Cape Winelands at 2.4 per cent. (Source: *Witzenberg 2018 Socio-economic Profile SEP-LG*)





# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

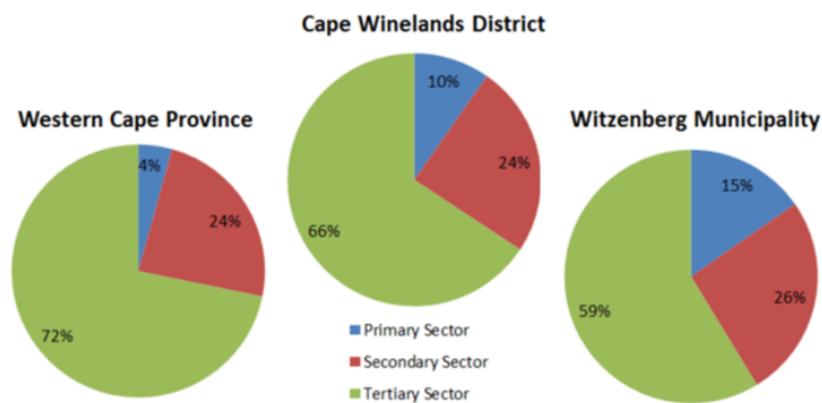
## 1.2.5 Households

There are 35 976 households in the municipality, with an average household size of 3.6 persons per household. (Socio-Economic Profile 2017)

## 1.2.6 Key Economic Activities

Witzenberg have a larger primary sector relative to their economy due to the agricultural dominance and therefore have a smaller tertiary sector. Municipal areas with a higher degree of urbanisation and therefore larger towns that serve as service centres for the broader areas, such as Drakenstein and Stellenbosch, have larger tertiary sectors, and larger economies.

The secondary sector forms an important component of any local economy, as it utilises inputs from the primary industry to generate new products and add additional value to raw material – thus creating an opportunity to attract new investment and create jobs. This sector is mainly driven by the manufacturing sector. Witzenberg with the support of the Department of Rural Development has invested significantly especially with regards to the upgrading of roads in the Skoonvlei Industrial Area. The Skoonvlei area has been identified as as Agri-Hub as part of the National AgriParks Concept and has since attract numerous secondary sector initiatives such as packaging facilities and cold storage.



In 2019 the BEAR production facility was opened in Wolseley by Lotus Bakeries. The facility produces BEAR Nibbles which are natural snacks made from pure fruit. Witzenberg Municipality made land available for the factory and supported through the upgrading of linked infrastructure.



BEAR Production Facility in Wolseley

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

The largest economic sectors in the Witzenberg economy in 2016 included the wholesale and retail trade, catering and accommodation sector (17.4 per cent); the finance, insurance, real estate and business services sector (15.9 per cent); and the agriculture (15.2 per cent). Collectively, these sectors contributed R4.0 billion to the Witzenberg economy (48.5 per cent) in 2016, emphasising the importance of these sectors locally and the impact of the sectoral performance on the overall stability of the Witzenberg municipal area economy.

## 1.2.7 Municipal Challenges

The following general challenges are experienced by the municipality:

Challenges	Actions to address
Bulk electricity supply from Eskom. The recent growth in the local agro-economy has resulted in the expansion of agro-processing industries in the rural and built environment. Our notified maximum demand limits by Eskom is under pressure and cannot be increased due to the under-capacity of the bulk supply infrastructure managed by them. This has restricted further economic expansion which can only be addressed with the bulk supply infrastructure.	Various deliberations have taken place between the municipality, Eskom, local business and the agricultural sector to address the issue. Discussions with various government departments are underway to obtain funding to upgrade the Eskom bulk infrastructure on a short term basis to address this need up until the upgrade completion in 2021. The Environmental Impact Assessment has been approved and the indication is that upgrades will commence towards the second quarter of 2020.
Waste Management. The operating of the municipal landfill sites and overall management of waste has become a major challenge due to drastically increased maintenance cost of the sites, vandalism, theft and public ignorance on the by-laws. The delay in the establishment of a regional waste site at Worcester also contributes to the uncertainty of strategy to be followed in terms of investment into the current sites or towards a material recovery facility aligned with the regional site. Legal challenges and public ignorance with regards to existing landfill sites contributes to this challenge..	The municipality has started with the implementation of a long-term strategy for waste management in the municipal area. A MIG application has been submitted for the establishment of a material recovery facility and waste transfer stations and will be included in the 2019/20 municipal budget and onwards.
Drought and water sources. The Witzenberg area has experienced a severe drought during 2015/16 to 2017/18 and was declared a disaster area by National- and Western Cape Government. Severe water restrictions were implemented by Council. The limited storage capacity in Tulbagh escalated the problem.	Funding has been secured from DWS for the construction of the raw water dam at Tulbagh. The service provider has been appointed and they are currently busy with designs and tender documentation. The construction will commence during 2019/20.
The requirement for the upgrade of R46 between Ceres & Nduli (which is a provincial road) might delay further implementation of the Vredebes housing project which caters for 2900 subsidised residential plots.	Establishment of steering committee to unlock resources and stumbling blocks with Vredebes
Maintenance and upgrading of municipal roads. The condition of bituminous pavements (roads) has drastically decreased over the past couple of years in certain areas, due to historically poor construction practices and insufficient funding for road maintenance. The existing backlog amounts to R 80 million, with 36% of these roads located in Tulbagh in a poor to very poor structural condition. Many of these roads have deteriorated to the point that they need to be rebuilt	Continued funding through municipal budget.
Debt collection on municipal rates and taxes. The outstanding debt has increased rapidly over the past few years in certain towns due to the inability to implement the debt collection policy. This is especially evident in towns where Eskom supply electricity and the policy cannot be implemented. In certain areas, public hostility has reached fever-pitch and officials are at risk when investigating illegal connections and meter tampering. This is causing a culture of non-payment and apathy towards financial obligations.	The municipality has budgeted for the implementation of water management devices that will limit water flow to supplement the Debt Collection Policy. Water use for humanitarian purposes will still be available, but excessive water usage and non-payment will be addressed.
Maintenance and upgrading of electrical network. The condition of electrical network has drastically decreased over the past couple of years in certain areas, mainly in the older towns. The	Continued funding through municipal budget is essential.

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

Challenges	Actions to address
existing backlog amounts to R 221 million. The old network has the effect that unplanned interruptions occur, which leaves customers without electrical supply for some unannounced periods.	



The maintenance of the electrical network remains a major challenge especially with regards to illegal connections which result in unplanned interruptions as networks becomes overloaded.

## 1.3 Service Delivery Overview

The investment in municipal infrastructure has been historically influenced by existing backlogs and this is a consideration for the sustainable service delivery for new developments as well as general upgrading and maintenance. The developmental potential of urban areas plays a major role in guiding infrastructure investment to ensure sustainable service delivery to human settlements. Basic services that include water, sanitation, electricity, refuse, roads and storm water and should be a major focus area for infrastructure budgeting and investment.

Our previous and current investment into services has been well-supported with funding from the Department of Energy (INEP), COGTA (MIG), the Department of Human Settlements (funding for bulk services), Department of Rural development (with regards to infrastructure investment to the AgriPark) and inherent municipal funding.

In terms of bulk services, the following challenges are prominent;

Bulk electrical supply: Eskom cannot supply any additional bulk electricity to Ceres, Tulbagh and Wolseley. We are already exceeding our Notified Maximum Demand in these towns and Eskom can only upgrade their bulk network by 2022. All new developments in Witzenberg are now jeopardised, as Eskom cannot supply additional bulk electrical supply. This is having a major impact on the growth of the economy and intervention at National level is required. In the meantime Eskom increased our NMD at Ceres Power Station with 1,7MVA and we installed our capacitor banks at Bon Chretien Substation which assisted in decreasing max demand by 1.5MVA. We are however still running on the limits of our NMD and are penalties to Eskom not excluded.

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

The drought is having a severe impact on all towns, especially Tulbagh. A new raw water storage dam needs to be constructed at Tulbagh to alleviate the problem. Funding to the tune of R29M has been secured and construction will commence during 2020.

Upgrade of bulk roads and storm water, electricity, sewerage and water mains for the new Vredebes development are well underway. These services will ensure sustainable capacity for the development and should be completed within the next 3 years. Upgrade of the new roads, storm water, electrical bulk provision, water and sanitation networks, however remain underfunded and should be capacitated through budget allocation and investment.

## 1.3.1 Basic Services Delivery Highlights

Highlight	Description
Vredebes internal electrical network and LED streetlights.	Completion of electrical network and supply to 322 stands
Infrastructure & upgrades	Replacement of various sewer networks within Witzenberg. Replacement of various water networks within Witzenberg.
Security upgrades at pump stations & WWTW	Security fencing erected at various pump stations and WWTW.
Vredebes Phase F2 Internal Civil Services	Completed internal civil services to 627 RDP erven at Vredebes.
Vredebes, Ceres: New Access Collector, Storm water & Sidewalks Ph2	Class 3 road from intersection with TR22/2 up the access to Phase 2 of the Vredebes development; Sidewalks on both sides of the road; Associated storm water along the proposed road.
Tulbagh - Station avenue	Reconstruction of Station avenue in Tulbagh

## 1.3.2 Basic Services Delivery Challenges

Service Area	Challenge	Actions to address
Water	Severe drought	Implemented water restrictions, obtained grant funding for various drought interventions and obtained funding for the construction of a raw water dam at Tulbagh
Technical Services	Budget	Limited budget for infrastructure refurbishment, upgrade and replacement of vehicles and out-dated equipment.
Electricity	Eskom unable to increase Notified Maximum Demand	Regular interactions with Eskom to speed up their bulk upgrades. Renewable energy policy approved by Council to assist with the demand shortage. Eskom completed their EIA process for the bulk upgrades, construction start date is planned for second quarter of 2019/20.
Solid Waste	Continuous court actions by adjacent owner of the Tulbagh Landfill Site	Variation license amendments submitted to DEADP to obtain height increase for additional volume to increase the storage capacity at Tulbagh landfill, however adjacent owner is continuously appealing these decisions in court, which limits our storage space, as the Worcester Regional Site is not forthcoming.
Town Planning & Building Control	Land Use Control	<ul style="list-style-type: none"> <li>🚫 74 (58%) of House Shops in Witzenberg operate without approval</li> <li>🚫 Overriding reason is the shop owner is not property owner (immigrants)</li> <li>🚫 Serving of notices are not properly done (law enforcement).</li> <li>🚫 Council does not have a demolition team, equipment &amp; suitable vehicles especially to remove structures/containers.</li> </ul>

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## 1.3.3 Proportion of urban households with access to basic services

The table below indicates the number of urban households with access to a minimum level of basic services:

Description	2015/16	2016/17	2017/18	2018/19
Electricity - service connections	12 730	12 893	12 543	12 878
Water - available within 200m from dwelling	14 301	14 329	14 242	14 593
Sanitation - Households with at least VIP service	14 380	14 380	14 558	15 714
Waste collection - kerbside collection once a week	13 871	14 057	14 292	14 259

*Note: Decrease in 2017/18 figures due to counting of structures in informal areas in previous year and not households.*

## 1.4 Financial Health Overview

### 1.4.1 Financial viability highlights

Highlight	Description
Debt coverage ratio 147,6	The number of times debt payments can be accommodated within operating revenue. This represents the ease with which debt payments can be accommodated by the municipality
Cost coverage ratio 2.7 months	It explains how many months' expenditure can be covered by cash and other cash equivalents available to the municipality

### 1.4.2 Financial viability challenges

Challenge	Action to address
Service debtors to revenue 57%	A Revenue Enhancement Strategy will be implemented during the new financial year. . The 2019/20 budget provides for the installation of water management devices which aims to reduce outstanding debt.

### 1.4.3 National Key Performance Indicators – Financial Viability (ratio's)

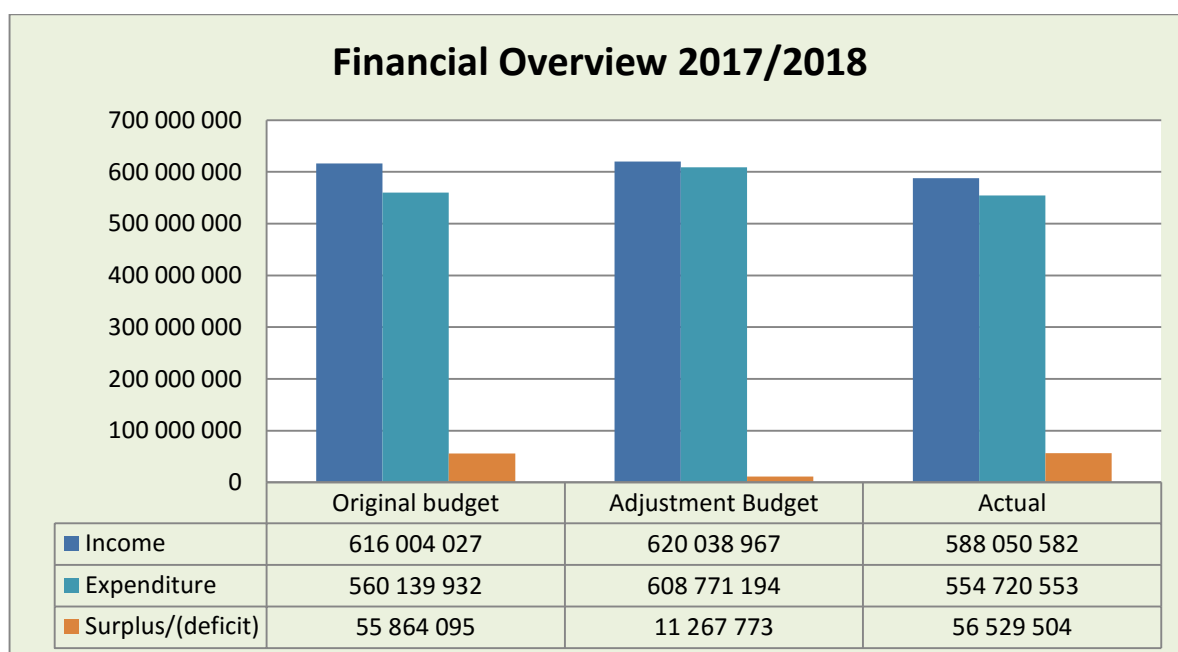
The following table indicates the municipality's performance in terms of the National Key Performance Indicators, required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area, Municipal Financial Viability and Management.

KPA & Indicator	2016/17	2017/18	2018/19	Comments
Debt coverage (Total operating revenue - operating grants received: debt service payments due within the year)	39.7 : 1	90.2 : 1	147,6 : 1	This indicator is to determine if the municipality generates sufficient cash to cover outstanding debtors, the higher the ratio, the better
Service debtors to revenue – (Total outstanding service debtors: revenue received for services)	0.54 : 1	0.49 : 1	0.57 : 1	This is the percentage that outstanding debtors are of annual revenue, the lower, the better
Cost coverage (Available cash+ investments: Monthly fixed operating expenditure)	2.4 : 1	2.97 : 1	2.7 : 1	This is the percentage that cash on hands will be able to cover monthly expenditure, the higher, the better

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## 1.4.4 Financial Overview

Details	Original budget	Adjustment Budget	Actual
	R	R	R
Income	616 004 027	620 038 967	588 050 582
Grants	166 999 843	168 884 479	159 378 571
Taxes Levies and tariffs	386 534 422	386 534 421	375 078 614
Other	62 469 762	64 620 067	53 593 397
Less Expenditure	560 139 932	608 771 194	554 720 553
Gains/(Losses)			23 199 475
Net surplus/(deficit)	55 864 095	11 267 773	56 529 504



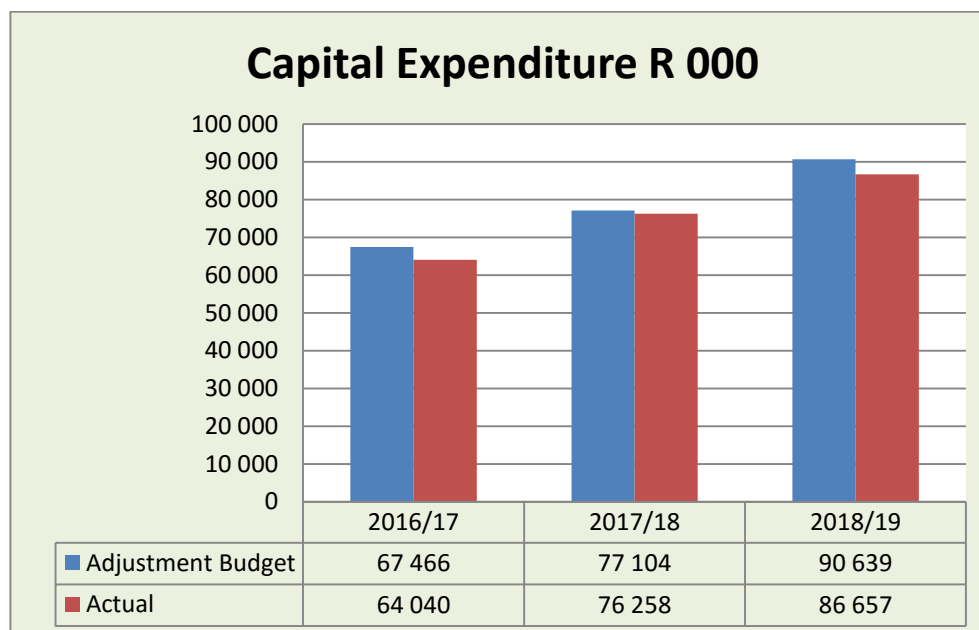
## 1.4.5 Operating ratio's as a percentage of operating expenditure

Detail	Expected norm	2016/17 Actual	2017/18 Actual	2018/19 Actual	Variance 2018/19 from norm
Employee Cost	30%	26%	29%	30,02%	-0,02
Repairs & Maintenance	20%	4%	4%	3,03%	16,97
Finance charges & depreciation	10%	8%	8%	8,34%	1,66

## 1.4.6 Total Capital Expenditure

Detail	2016/17	2017/18	2018/19
	R'000		
Original Budget	62 922	52 768	81 321
Adjustment Budget	67 466	77 104	90 639
Actual	64 040	76 258	86 657
Percentage Expenditure	94,9%	98,9%	95,6%





## 1.5 Organisational Development Overview

### 1.5.1 Municipal transformation and organisational development highlights

Highlight	Description
Embarking on TASK process. Review of all job descriptions.	Various positions and departments have been evaluated and audited
Realisation of public participation with all relevant wards	Five (5) channels of communication between the municipality and communities
Creation of awareness on Corruption and Fraud Policy	Communication of whistle blower process on a quarterly basis to the community and to personnel
Skilling, capacitating and building of essential personnel	Minimum competency realisation for all key staff and continuous capacity building for strategic personnel

### 1.5.2 Municipal transformation and organisational development challenges

Challenge	Actions to address
Gap in filling employment equity targeted groups in managerial positions	Specify the recruitments to the targeted in terms of the Employment Equity Plan segment
Low salary (remuneration) equals to lack of attraction of specialized skills	Embarking on salary scale reviews (TASK)
Limited capital budget	Requiring financial support for auxiliary functions from supporting organs of state

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## 1.6 Auditor-General Report

### 1.6.1 Audited outcomes

The table below detail the audit outcomes for the past six financial years:

Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Status	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified

## 1.7 Statutory Annual Report Process

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Municipal entities submit draft annual reports to MM	
5	Submit draft Annual Performance Report including consolidated annual financial statements to Internal Audit and Auditor-General	August
6	Audit/Performance committee considers draft Annual Performance Report of municipality and entities (where relevant)	
7	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	September
8	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	October
9	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
10	Municipalities receive and start to address the Auditor General's comments	November
11	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	December
12	Audited Annual Report is made public and representation is invited	
13	Oversight Committee assesses Annual Report	January
14	Council adopts Oversight report	
15	Oversight report is made public	
16	Oversight report is submitted to relevant provincial councils	
17	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	March

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## CHAPTER 2: GOVERNANCE

Good governance has eight major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive, and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard during decision-making. It is also responsive to the current and future needs of society.



### Witzenberg Municipality Council 2016 - 2021



Executive Mayor  
Barnito Klaasen



Executive Deputy  
Mayor Karriem Adams  
(Ward 8) - DA



Speaker Theodore Godden  
(PR) - COPE



Alderman Hennie Smit  
(Ward 5) - DA



Cllr. Ronald Visagie  
(Ward 4) - DA



Cllr. Elisabeth Sidego  
(Ward 11) - DA



Cllr. Trevor Abrahams  
(PR) - DA



Cllr. Nomzame  
Phatsoane  
(Ward 1) - ANC



Cllr. Cornelius Lottering  
(Ward 2) - DA



Cllr. Dirk Swart  
(Ward 3) - DA



Cllr. Patric Daniels  
(Ward 7) - DA



Cllr. Hanlie Visagie  
(Ward 8) - ANC



Cllr. Mxolisi Ndaba  
Ward 9 - ANC



Cllr. Themba Mgozoza  
(Ward 10) - ANC



Cllr. Mavis Mdala  
(Ward 12) - ANC



Cllr. Deleen Kinnear  
(PR) - DA



Cllr. Gert Laban  
(PR) - WA



Cllr. John Schuurman  
(PR) - ANC



Cllr. Joyce Phungula  
(PR) - ANC



Cllr. Mzwandile Jacobs  
(PR) - EFF



Cllr. Petrus Heradien  
(PR) - ICOSA



Cllr. Richard Simpson  
(PR) - ANC



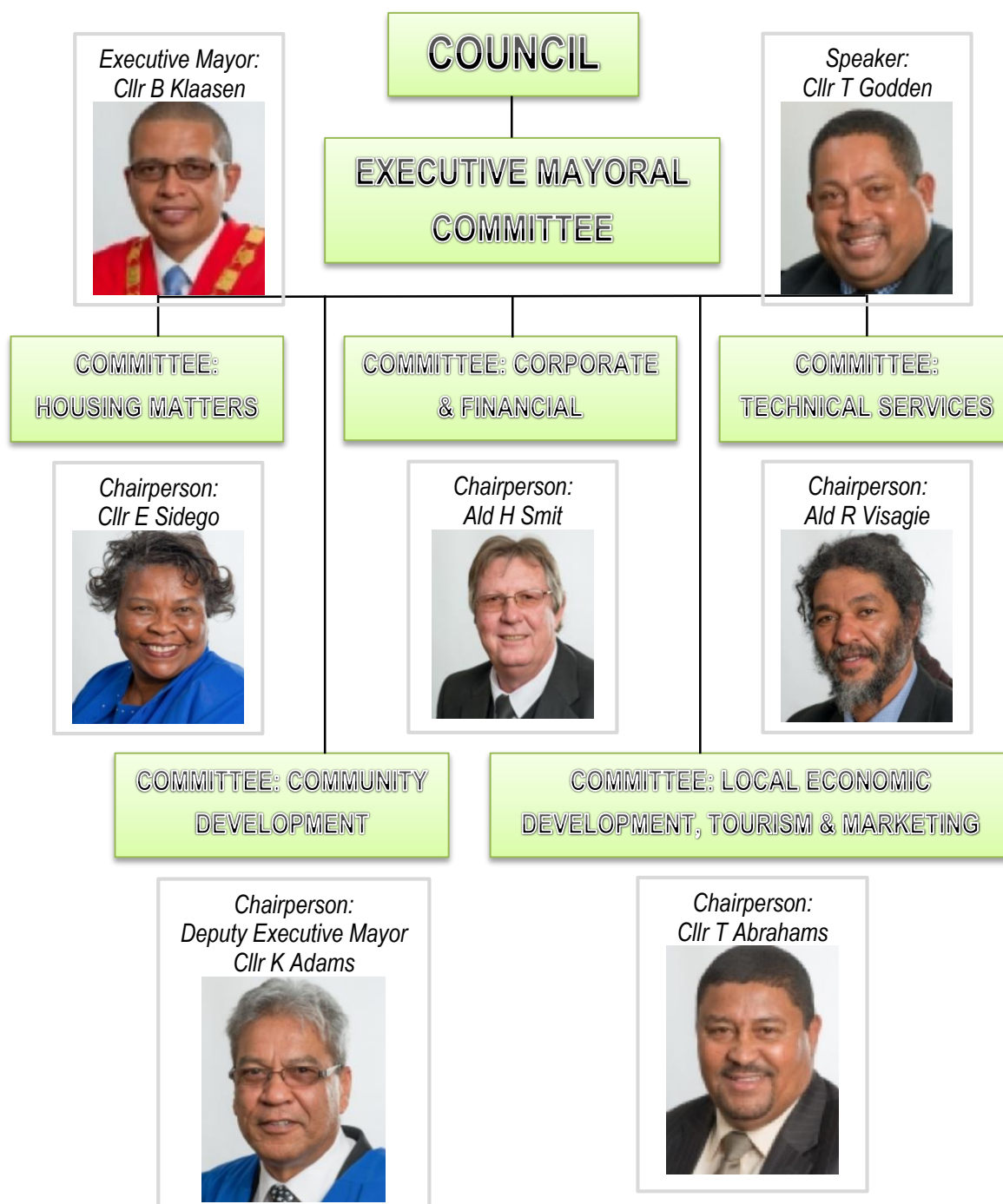
Cllr. Zukiswa Serunjogi  
(PR) - DA

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## COMPONENT A: POLITICAL & ADMINISTRATIVE GOVERNANCE

### 2.1 Political Governance Structure

The Council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Executive Mayor and the Mayoral Committee. Its primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as policy makers, councillors are also actively involved with community work and various social programmes in the municipal area.



# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## 2.1.1 Council

The Witzenberg municipal council consist of 23 Councillors of which 12 are Ward Councillors and 11 Proportional Councillors.

Below is a table that categorises councillors within their specific political parties and wards:

Name of Councillor / Alderman	Capacity	Political Party	Ward representing or proportional
TE Abrahams	Mayco Member 03/08/2016-	DA	Proportional
K Adams	Alderman: Deputy Executive Mayor 03/08/2016-	DA	Ward 6
P Daniels	Councillor 03/08/2016-	DA	Ward 7
TT Godden	Alderman: Speaker 03/08/2016-	Cope	Proportional
P Heradien	Councillor 03/08/2016-	ICOSA	Proportional
SJ Hugo	Councillor 03/08/2016 - 04/12/2018	ANC	Ward 9
DM Jacobs	Councillor 03/08/2016-	EFF	Proportional
D Kinnear	Councillor 03/08/2016-	DA	Proportional
BC Klaasen	Executive Mayor 03/08/2016-	DA	Proportional
GG Laban	Councillor 03/08/2016-	Witzenberg Aksie	Proportional
C Lottering	Councillor 03/08/2016-	DA	Ward 2
M Mdala	Councillor 03/08/2016-	ANC	Ward 12
TP Mgoboza	Councillor 03/08/2016-	ANC	Ward 10
ZS Mzauziwa	Councillor 03/08/2016-	DA	Proportional
MJ Ndaba	Councillor 05/12/2018-	ANC	Ward 9
N Phatsoane	Councillor 03/08/2016-	ANC	Ward 1
JT Phungula	Alderdady 03/08/2016-	ANC	Proportional
JW Schuurman	Alderman 03/08/2016 -	ANC	Proportional
EM Sidego	Mayco Member 03/08/2016-	DA	Ward 11
RJ Simpson	Councillor 03/08/2016-	ANC	Proportional
HJ Smit	Alderman Mayco Member 03/08/2016-	DA	Ward 5
D Swart	Councillor 03/08/2016-	DA	Ward 3
HF Visagie	Councillor 03/08/2016-	ANC	Ward 8
JJ Visagie	Alderman Mayco Member 03/08/2016-	DA	Ward 4

Below is a table which indicates the number of items submitted to Council and meeting attendance for the 2018/19 financial year:

Council Meeting dates	Number of items submitted	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
25 July 2018	45	91%	50%
23 August 2018	5	70%	85%
31 October 2018	52	83%	75%
6 December 2018	17	70%	43%
8 January 2018	2	96%	100%
23 January 2019	15	74%	67%
27 February 2019	23	78%	100%
26 March 2019	12	83%	75%
30 May 2019	28	78%	60%

**Appendix A:** List of Councillors, Committee allocations & attendance of Council Meetings

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## 2.1.2 Executive Mayoral Committee

The Executive Mayor of the Municipality, Councillor BC Klaasen, assisted by the Mayoral Committee, heads the executive arm of the Municipality. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, as well as the legislative powers assigned to these parties. Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in collaboration with the Mayoral Committee.

Name of member	Capacity
Mayco Member Alderman H Smit 17/08/2016-	Chairperson: Committee for Corporate and Financial Services
Mayco Member Alderman JJ Visagie 17/08/2016-	Chairperson: Committee for Technical Services
Mayco Member Councillor TE Abrahams 17/08/2016-	Chairperson: Committee for Local Economic Development, Tourism and Marketing
Mayco Member Deputy Executive Mayor Alderman K Adams 17/08/2016 -	Chairperson: Committee for Community Development
Mayco Member E Sidego 17/08/2016 -	Chairperson: Committee for Housing Matters

## 2.1.3 Portfolio Committees

In terms of section 80 of the Municipal Structures Act 1998, if a Council has an executive committee; it may appoint, in terms of Section 79, committees of councillors to assist the executive committee or Executive Mayor. Section 80 committees are permanent committees that specialise in a specific functional area of the municipality and may in some instances make decisions on specific functional issues. They advise the executive committee on policy matters and make recommendations to Council. The table below indicates the dates of the Committee meetings and the number of reports submitted to Council for the 2018 / 2019 financial year:

Committee	Chairperson	Number of minutes submitted to Council	Meeting Date
Committee for Housing Matters	Councillor E Sidego 03/08/2016-	9	6 September 2018 11 October 2018 1 November 2018 8 November 2018 11 December 2018 7 February 2019 16 May 2019 5 June 2019 13 June 2019
Committee for Community Development	Alderman K Adams 03/08/2016-	2	20 September 2018 14 February 2019
Committee for Corporate and Financial Services	Alderman H Smit 03/08/2016-	3	20 September 2018 18 October 2018 19 February 2019
Committee for Technical Services	Alderman J Visagie 03/08/2016-	3	19 September 2018 19 February 2019 22 May 2019
Committee for Local Economic Development, Tourism and Marketing	Councillor T Abrahams 03/08/2016-	2	19 September 2018 20 February 2019



# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## Appendix B: Committees & Committee purposes

### 2.1.4 Municipal Public Accounts Committee (MPAC)

An Audit Committee has been established that includes Risk- & Performance functionality and is referred to as the Performance-, Risk & Audit Committee (PRAC). A Municipal Public Accounts Committee as an oversight committee has been established comprising from non-executive councillors with the specific purpose of providing Council with comments and recommendations on the Annual Report. The report from the MPAC on the Annual Report for 2018/19 will be provided as an attachment to this report.

Council appointed the Chairperson and members of the MPAC at a Council meeting held on 16 January 2017.

The members of the MPAC are as follows:

Position	Councillor	Political Party
Chairperson	Clr DM Jacobs	EFF
Member	Clr P Heradien	ICOSA
	Ald JW Schuurman	ANC
	Clr GG Laban	Witzenberg Aksie
	Clr C Lottering	DA

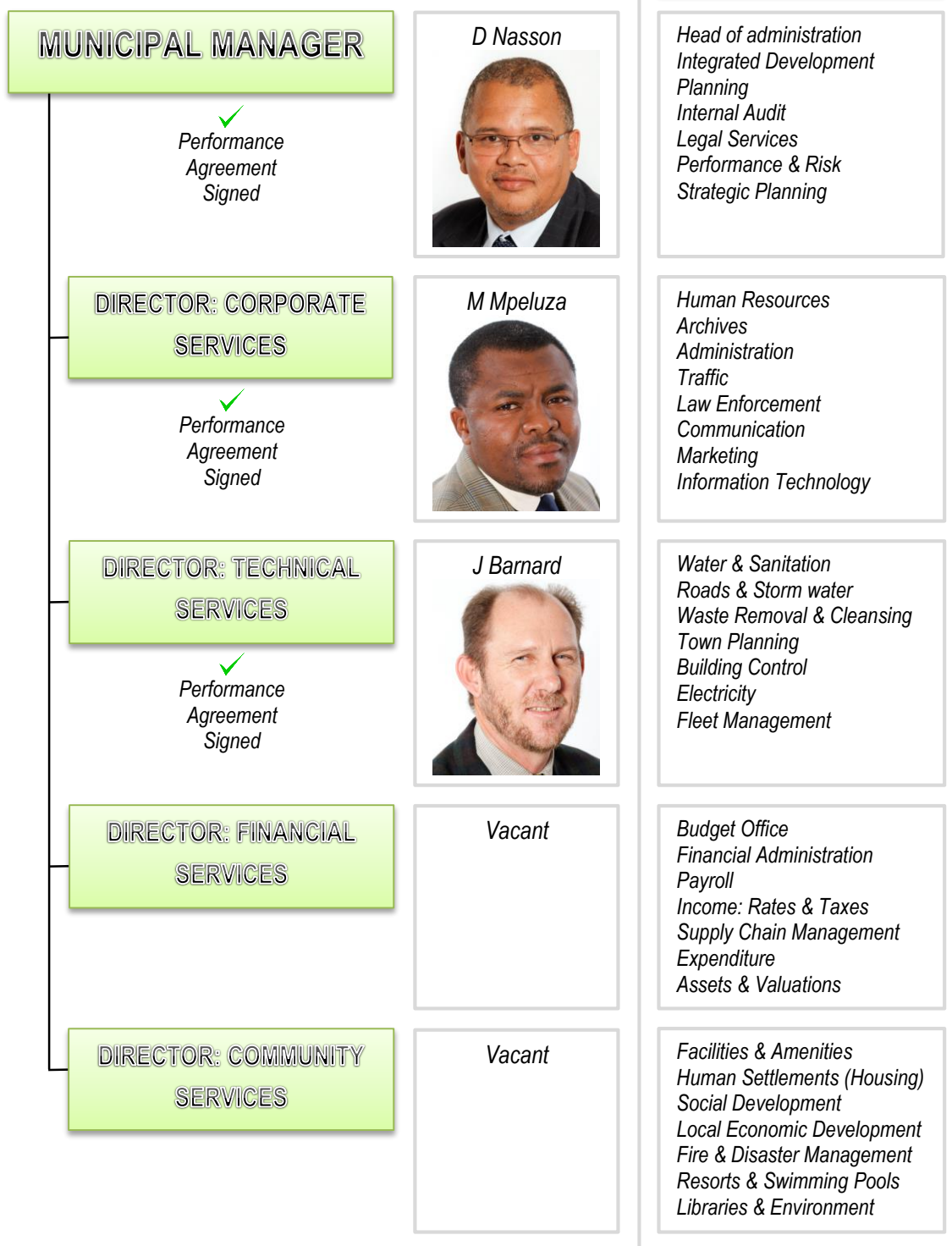


Councillor DM Jacobs: Chairperson of MPAC

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## 2.2 Administrative Governance Structure

The Municipal Manager is the Accounting Officer of the municipality. He is the head of the administration and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his directorship, which constitutes the management team below:



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## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### 2.3 *Intergovernmental Relations*

In terms of the Constitution of South Africa, all spheres of government and all organs of state within each sphere must co-operate with one another, in mutual trust and good faith, fostering friendly relations. They must assist and support one another, inform and consult one another on matters of common interest, coordinate their actions, adhering to agreed procedures and avoid legal proceedings against one another.

#### 2.3.1 **Intergovernmental Structures**

To adhere to the principles of the Constitution as mentioned above the municipality participates in the following intergovernmental structures:

Name of Structure	Members	Outcomes of Engagements/Topics Discussed
Municipals Managers Forum	SALGA, neighbouring municipality's MMs	District based initiatives
SALGA Working Groups	SALGA, Neighbouring municipality's Technical Directors and experts	Municipal wide information sharing
IDP Managers Forum	Department of Local Government (DPLG), All municipalities in the Western Cape (WC), IDP Managers	Provincial wide information sharing
LED Managers Forum	Cape Winelands Regional LED Forum	Sharing information and best practises on Economic Development, Providing report back of projects implemented, lobbying of support for programmes and projects
WMO Forum	DEADP, All municipalities in the Western Cape (waste management officers), and experts	Municipal wide information sharing with all 3 spheres of government.
Strategic Integrated Municipal Engagement (SIME)	All provincial sector departments, all municipalities in the Western Cape	Provincial, District & local based planning.
Technical Integrated Municipal Engagement (TIME)	All provincial sector departments, all municipalities in the Western Cape	Provincial, District & local based planning.
Ministerial Technical Committee	Provincial Government and Municipal Managers	Provincial programmes and initiatives aligned with municipal performance
Ministerial Mayoral Committee	Provincial Government and Mayors	Provincial programmes and initiatives aligned with municipal performance
District Public Participation and Communication Forum (DPPCOM)	All municipalities in the Cape Winelands District Municipality, DPLG, IDP Manager, local stakeholders for National Government Departments	District wide information sharing
Provincial Public Participation and Communication Forum (PPPCOM)	DPLG, GCIS, all municipalities in the WC, IDP Manager	Provincial wide information sharing
Provincial CommTech	DPLG, GCIS, all communication officials from municipalities in the WC, National Government Departments	Discussion, trend monitoring, training and workshops concerning government communication and technology
SALGA National Communicators Forum	DPLG, GCIS, all communication officials from municipalities in the WC, National Government Departments	Nationwide information sharing and calibration with the strategic focus of the NDP
Internal Audit Forum	All municipal Chief Audit Executive of the province	National, District and Municipal wide information sharing
Risk Management Forum	All municipal Chief Risk Officers of the province	National, District and Municipal wide information sharing

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## 2.3.2 Joint projects and functions with sector departments

All the functions of government are divided between the different spheres namely National, Provincial and Local. The municipality therefore shares their area and community with other spheres of government as well as their various sector departments. This means that the municipality has to work closely with national and provincial departments to ensure the effective implementation of various projects and functions. The table below provides detail of such projects and functions:

Name of Project/ Function	Expected Outcome/s of the Project	Sector Department/s involved	Contribution of Sector Department
Intergovernmental Steering Committee Meeting	Reducing poverty in the 3 poverty nodes	DRDLR, Agriculture department, Education, Social development, Public Works, CoS	<ul style="list-style-type: none"> <li>🍏 Mobilising resources</li> <li>🍏 Implementing projects to reduce poverty</li> <li>🍏 Sharing information</li> </ul>
Small Town Regeneration Program	Revitalization of towns through creating an enabling environment & infrastructure for economic growth	SALGA Provincial & National, COGTA, Social Development, Education, Business, NGO's	<ul style="list-style-type: none"> <li>🍏 Establish Town Steering Committees in Ceres, Wolseley and Tulbagh</li> <li>🍏 Town Steering committees drafting and implementing Community base projects to reduce unemployment and build social cohesion.</li> <li>🍏 Forcing strong partnerships with IGR partners</li> </ul>

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## COMPONENT C: PUBLIC ACCOUNTABILITY & PARTICIPATION

MSA section 51(b) requires a municipality to establish and organize its administration to facilitate a culture of accountability amongst its staff. Section 16(1) states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. Section 18(1) requires a municipality to supply its community with information concerning municipal governance, management and development.

A Municipal Public Accounts Committee has been established. The internal audit function is capitated with three qualified auditors, employed on a permanent basis, one trainee and one intern. The audit function reports functionally to the Performance Risk and Audit Committee and administratively to the Municipal Manager. The capacity of the Performance, Risk and Audit Committee has been increased with the appointment of qualified and specialized members. A representative from the business sector is also invited to participate in Mayoral Committee meetings.

Such participation is required in terms of:

- the preparation, implementation and review of the IDP;
- establishment, implementation and review of the performance management system;
- monitoring and review of the performance, including the outcomes and impact of such performance; and
- preparation of the municipal budget.

### 2.4 Public Meetings

Apart from bi-annual community meetings & jamborees held in each town, the municipality also communicates through monthly newsletters, loud-hailing, distribution of pamphlets, text messages and public service announcements via community radio.

Nature and purpose of the meeting	Date of events	Number of participating Municipal Councillors	Number of participating municipal administrators	Number of community members attended
<b>IDP &amp; Budget Public Meetings and Municipal Service Delivery Jamborees</b>				
IDP Review Public Participation	Ward 2 & 7 Wolseley -06/11/2018	5	27	237
	Ward 7 & 11 Tulbagh -07 /11/2018	4	41	203
	Ward 4 & 10 P A Hamlet -08/11/2018	5	40	320
	Ward 1 & 12 N'Duli - 13/11/2018	4	34	220
	Ward 4 & 6 Bella Vista - 14/11/2018	4	45	208
	Ward 3 & 5 Ceres - 15/11 /2018	5	40	106
	Ward 8 &9 Op-Die-Berg - 20/11/2018	1	30	94
<b>IDP &amp; Budget Public meetings</b>				
IDP Review Public Participation	Ward 4 & 6 Bella Vista - 08/04/2019	4	8	59
	Ward 1 & 12 N'Duli - 09/04/2019	5	8	19
	Ward 7 & 11 Tulbagh - 10/04/2019	4	10	57
	Ward 3 & 5 Ceres - 15/04 /2019	6	8	9
	Business & Agriculture - 16/04/2019	4	5	14
	Ward Committees - 16/04/2019	7	7	73
	Ward 8 &9 Op-Die-Berg - 17/04/2019	3	5	21

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## 2.4.1 Labour Forum

The table below specifies the members of the Labour Forum for the 2018/19 financial year:

Name of representative	Capacity	Meeting dates
H Smit	Chairperson	26/09/2018 29/10/2018 06/02/2019
B Klaasen	Executive Mayor	
E Sidego	Mayco Member	
K Adams	Deputy Mayor	
D Nasson	Municipal Manager	
H Kritzing (ended 31 December 2018)	Director Finance	
A Raubenheimer (from January 2019)	Acting Director Finance	
Vacant	Director Community Services	
M Mpeluza	Director Corporate Services	
J Barnard	Director Technical Services	
I Swartbooi	Senior Manager Human Resources	
M. Arendse-Smith	Acting Head: Human Resources	
W Davids	Senior HR Officer: Training & Development	
O Msutu	Senior HR Officer: Health & Safety	
C Titus	Committee Officer	
A Christians	IMATU Secretary	
J Noble	IMATU	
D Boer	IMATU	
Loyiso Ntanjana	IMATU Deputy Chairperson	
M Pieterse	IMATU	
S Joseph	IMATU Chairperson	
K Ntanjana	SAMWU Acting Chairperson	
C Appolis	SAMWU Deputy Chairperson	
A Morkel	SAMWU Secretary	
L Silver	SAMWU Full-time shopsteward	
R Frans	SAMWU	
J Goedeman	SAMWU	

## 2.4.2 Ward Committees

The purpose of a ward committee is:

-  to encourage better participation from the community and to inform council decisions;
-  to make sure that there is effective communication between the Council and the community;
-  to assist the ward councillor with consultation and feedback to the community.

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Ward committees need to be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented in the membership contingent. The ward councillor serves on the ward committee and acts as the chairperson. Although ward committees have no formal powers, they act as an advisory body to the ward councillor, which enables them to make specific submissions directly to the Council. These committees play a pivotal role in the development and annual revision of the IDP of the area.

The ward committees support the ward councillor who receives reports on development, participate in development planning processes, and facilitate wider community participation. To this end, the municipality constantly strives to ensure that all ward committees function optimally with community information provision; convening of meetings; ward planning; service delivery; IDP formulation and performance feedback to communities.

**Appendix E:** Ward Committee Governance & Functionality

**Appendix F:** Ward Committee Performance per Ward

## 2.5 IDP Participation & Alignment

Refer to item 2.4 for IDP participation meetings.

Refer to items 3.1.4, 3.1.5 & 3.1.6 for IDP alignment.

Municipal Key Performance Area	Strategic Objective	
Essential Services	1.1	Sustainable provision and maintenance of basic infrastructure
	1.2	Provide for the needs of informal settlements through improved services
Governance	2.1	Support institutional transformation and development
	2.2	Ensure financial viability
	2.3	To maintain and strengthen relations with international- and inter-governmental partners as well as the local community through the creation of participative structures.
Communal Services	3.1	Provide and maintain facilities that make citizens feel at home
Socio-Economic Support Services	4.1	Support the poor and vulnerable through programmes & policy
	4.2	Create an enabling environment to attract investment and support to the local economy.

*Strategic Alignment between IDP & Service Delivery & Budget Implementation Plan*



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## COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also encompasses the relationships amongst the various stakeholders involved and the strategic goals governing the institution.

### 2.6 Risk Management











Section 62(1)(c)(i) of the MFMA states that: "... The accounting officer of the municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."

Witzenberg Municipality is committed to the optimal management of risk in order to protect our core public service values, achieve our vision, objectives and deliver on our core business functions.

In the course of conducting our daily business operations, we are exposed to a variety of risks. These risks include operational and other material risks which require comprehensive controls and on-going oversight to be properly managed.

To ensure business success the Municipality have adopted an enterprise-wide integrated approach to the management of risks. By embedding the risk management process into key business processes such as planning, operations and new projects, the municipality will be better equipped to identify events affecting our objectives and to manage risks in ways that are consistent with the approved risk appetite.

The top 10 inherent strategic risks of Witzenberg Municipality are:

-  Taxi violence
-  Inability to provide landfill facility in Witzenberg municipal area
-  Major unplanned not disaster related interruptions to service deliver
-  Growth in informal settlements
-  Eskom's inability to provide increased electricity supply to the municipal area
-  Inability to provide bulk water storage capacity to the Tulbagh area
-  Illegal invasion and occupation of municipal land
-  Poor growth in revenue base
-  Un-recoverability of outstanding receivables
-  Drought

### 2.7 Anti-Corruption & Fraud

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, Section 112(1)(m)(i), identify supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

The municipality's Audit Committee (Performance, Risk & Audit Committee) recommendations for 2018/19 are set out in **Appendix G**.

#### 2.7.1 Developed strategies

Name of strategy	Developed Yes/No	Date Adopted/Reviewed
Anti-Fraud and Corruption Strategy	Yes	July 2017
Fraud and Corruption prevention policy and response	Yes	July 2017

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Name of strategy	Developed Yes/No	Date Adopted/Reviewed
plan		

## 2.7.2 Implementation of strategies

Strategies to implement	Key Risk Areas	Key measures to curb corruption and fraud
Fraud Prevention Policy	Supply Chain Management	Roll-out of Anti-Fraud and Corruption Policy to internal stakeholders through presentations and internal newsletters
Ethics Awareness Programme	Possible loss of income at traffic due to inactive follow-up on traffic violations	Roll-out of Anti-Fraud and Corruption Policy to external stakeholders through outreach programmes
Outreach programme on fighting fraud and corruption	Lack of awareness of fraud amongst staff	Investigation of fraud and corruption cases
Whistle blowing through the National Fraud Hotline	Possible misuse of policy to disclose sensitive information	Monitoring recommendations with regards to disciplinary, criminal and recovery actions. Effective delegation systems
To ensure that all employees and councillors in service of the Witzenberg Municipality has declared all interest/ownership/directorship.	Avoid doing business with employees in service of the municipality who does not declare that they are in service of the municipality	Use Trans Union in order to identify all employees have interest/ownership/directorship in companies
Regular update of the fraud risk register	Detection and prevention of fraud in the municipality	Monitoring key controls to alleviate fraud and corruption

## 2.8 Performance, Risk & Audit Committee

Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must –  
(a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –

- internal financial control;
- risk management;
- performance management; and
- effective governance.

Section 14(2)(c) of the Local Government Municipal Planning and Performance Management Regulations (R796 dated 24 August 2001) states that a municipality may utilize any Audit Committee established in terms of other applicable legislation as the Performance Audit Committee of the said municipality.

The Public Sector Risk Management framework states that the committee should review and recommend for approval the:

- risk management policy;
- risk management strategy;
- risk management implementation plan; and
- risk appetite









### 2.8.1 Functions of the Performance, Risk & Audit Committee

Council noted its Performance, Risk and Audit Committee charter on 31 October 2018.

In order to fulfil its role, the Committee advise the Municipal Council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to:

- Internal financial control and internal audits;

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-  Risk management;
-  Accounting policies;
-  The adequacy, reliability and accuracy of financial reporting and information;
-  Performance management;
-  Effective governance;
-  Compliance with the MFMA, Division of Revenue Act (DoRA) and any other applicable legislation;
-  Performance evaluation; and
-  Any other issues referred to it by the municipality.

## 2.8.2 Members of the Performance, Risk & Audit Committee

Name of representative	Capacity	Meeting dates						
		17/08/2018	21/09/2018	26/10/2018	23/11/2018	08/02/2019	08/03/2019	17/05/2019
Mr J. George	Chairperson	✓	✓	✓	✓	✓	✓	✓
Mr J. Basson Appointed for second term w.e.f. 1 August 2018	Member	✓	✓	✓	✓	✓	✓	✓
Mr. T. Lesihla Appointed for second term w.e.f. 1 August 2018	Member		✓	✓	✓		✓	✓
Mr F. Redelinghuys	Member	✓	✓	✓	✓	✓	✓	✓
Ms C. Fagan Appointed w.e.f. 1 August 2018	Member	✓	✓	✓	✓	✓	✓	

## 2.8.3 Performance, Risk & Audit Committee (PRAC) recommendations

**Appendix G:** Audit Committee Recommendations

## 2.9 Internal Auditing

An annual risk assessment update was performed during April/June 2018 and all relevant risks were populated into the Witzenberg risk register. Updates were performed on a continuous basis. This risk assessment forms the basis to review the 2018/19 Risk Based Audit Plan.

The results of the 3-year strategic internal audit plan are included below:

Audit Activity	2016/17	2017/18	2018/19
<b>Statutory Internal Audits</b>			
DORA compliance	✓	✓	✓
Performance Management System (quarterly)	✓	✓	✓
<b>Risk based audits</b>			
AGSA Key controls	✓	✓	Performed by AGSA

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Audit Activity	2016/17	2017/18	2018/19
Follow up internal Audit findings	√	√	√
Operation Clean Audit	√	√	√
<b>Risk based audits</b>			
Income & Debtors			√
Supply Chain Management			√
Human Resources ( Including Leave and Training)	√		
Asset Management	√	√	
Inventory			√
Maintenance Management		√	
Project & Contract Management		√	
Indigent Management	√		
IT – General controls	√		
Cash Handling			√
Fleet Management		√	
Traffic Services			√
Disaster Management & Business continuity		√	
Overtime	√		
Debt Collection and Credit Control	√		
Time and attendance		√	
Property valuations	√		

### Annual Audit Plan

The Audit Plan for 2017/18 was implemented and the table below provides detail on audits completed:

Audit Activity	Estimated hours	Quarter	Status
<b>Statutory Audits</b>			
DORA compliance	200	3	Completed
Performance Management System	1300	All	Completed
<b>Follow up audit work</b>			
Follow up Internal Audit Findings	400	All	Completed
Management Audit Action Plan	150	All	Completed
<b>Risk based audits</b>			
Human Resources	500	-	Work in Progress
Supply Chain Management	350	3	Re-planned for 2019/2020
Cash Handling	500	4	Work in Progress
Traffic Services	50		Re-planned for 2021
<b>AD-Hoc audits</b>			

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Audit Activity	Estimated hours	Quarter	Status
Year-end stock count	100	4	Performed by AGSA
<b>Other</b>			
MSCOA	100	-	Continuous
Legislative/Advisory/Committees	416	All	Completed
IA Quality Assessment	200	-	Work in Progress
Compliance system	100	All	Completed
Risk Management	400	All	Completed

### 2.10 By-Laws

Below is a list of all the policies developed and reviewed during the financial year:

Policies developed/ revised	Date adopted	Public Participation conducted prior to adoption of policy (Yes/No)	Date of Publication
House Shop By-Law	25 Julie 2018	Yes	14 September 2018.

### 2.11 Supply Chain Management

#### 2.11.1 Competitive bids in excess of R 200 000

Bid Committee meetings

The following table details the number of Bid Committee meetings held for the 2018/19 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
42	55	36

Attendance of members of the Bid Specification Committee, are as follows:

Member	Percentage attendance (%)
Manager Income / Deputy Director Finance / Manager Financial Administration (Chairperson)	100
Manager Supply Chain	100
Relevant technical expert responsible for a function	100

Attendance of members of the Bid Evaluation Committee, are as follows:

Member	Percentage attendance (%)
Manager Income / Deputy Director Finance / Manager Financial Administration (Chairperson)	100
Manager Supply Chain	100
Relevant technical expert responsible for a function	100

Attendance of members of the Bid Adjudication Committee, are as follows:

Member	Percentage attendance (%)
Director Financial Services (Chairperson) / Deputy Director Finance	100

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Member	Percentage attendance (%)
Director Technical Services	87,5
Director Community Services	62,5
Director Corporate Services	75
Manager Supply Chain/Deputy Director: Finance	100

*Note: The percentages as indicated above include the attendance of those officials acting in the position of a Bid Committee Member.*

## Awards made by the Bid Adjudication Committee

The Bid Adjudication Committee awarded 34 bids of an estimated value of R 49 777 930

The five highest bids awarded by the Bid Adjudication Committee, are as follows:

Bid number	Title of bid	Directorate and section	Successful Bidder	Value of bid awarded R
08/2/16/08	Electrification of low cost houses in Vredebes, Ceres	Technical – Electricity	Adenco Construction (PTY) Ltd	5 650 097.06
08/2/15/92	Supply and delivery of disposable bags for refuse removal	Stores / Technical – Solid Waste	Memotek Trading CC	4 116 840.00
08/2/16/68	Shortterm Insurance	Financial Services	Silver Lake Trading 305 (PTY) Ltd t/a Oplulentia Financial Services	3 771 666.00
08/2/16/02	Supply and delivery of bricks, pavers and readymix concrete Cluster 1: Concrete brick & pavers"	Technical – Streets & Storm Water	SCB Tansport (PTY) Ltd	2 780 310.00
08/2/15/85	Hiring of plant and equipment for the Witzenberg municipal area: Cluster 1 Hiring of Tipper Trucks	Technical – Streets & Storm Water	JC Services	2 714 937.50

## Awards made by the Accounting Officer

In terms of paragraph 5(2)(a) of Council's Supply Chain Management Policy, only the Accounting Officer may award a bid which is in excess of R10 million. The power to make such an award may not be sub-delegated by the Accounting Officer.

The following bid was awarded by the Accounting Officer during the 2018/19 financial year:

Bid number	Title of bid	Directorate and section	Successful Bidder	Value of bid awarded R
08/2/16/57	Provision of security services	Corporate – Administration	Mafoko Security Patrol (PTY) Ltd	30 000 000.00
08/2/16/38	Resealing of existing streets in Witzenberg municipal area	Technical – Street & Storm Water	Actophambili Roads (PTY) Ltd	20 000 000.00
08/2/15/78	The Supply, maintenance of digital speed cameras and the administration of the back office	Corporate – Traffic Services	TMT Services & Supplies (PTY) Ltd t/a Traffic Management Technologies	10 000 000.00

## Awards made by the Bid Adjudication Committee

No bid was awarded by the Bid Adjudication Committee in terms of paragraph 45 (2) of the Supply Chain Management Policy and paragraph 37 (2) of the Supply Chain Regulations.

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## Appeals lodged by aggrieved bidders

The following appeals were lodged by aggrieved bidders on awards made in terms of section 62(1) of the Municipal Systems Act (Act 32 of 2000):

Bid number	Bid title	Date of appeal	Appellant	Reason for appeal	Dismissal	Dealt by
08/2/15/80	Reconstruction and repair of storm damaged properties at Pine Forest resort	14 Nov 2018	Williams Loodgieters	Reason for non-compliance	Appeal was dismissed 29 April 2019	Accounting Officer
08/2/15/91	Professional engineering services for Witzenberg municipality	06 Nov 2018	RHDHV	Reason for non-compliance	Appeal is being dealt with by the Accounting Officer	Accounting Officer
		06 Nov 2018	EOH Industrial Technologies (Pty) Ltd	Calculation of cluster points		
		08 Nov 2018	Bigen Africa Services (PTY) Ltd	Reason for non-compliance		

## Awards made to enterprises within the Witzenberg municipal area

The following table details the value of competitive bids awarded to enterprises within the Witzenberg Municipal Area during the 2018/19 financial year:

Number of contracts awarded to enterprises within the Witzenberg municipal area	Percentage of contracts awarded to enterprises within the Witzenberg municipal area (%)	Value of contracts awarded to enterprises within the Witzenberg municipal area R	Percentage of contract value awarded to enterprises within the Witzenberg municipal area (%)
9	26.47	14 317 493.33	22.72

## 2.11.2 Formal written price quotations between R 30 000 and R 200 000

### Awards made to enterprises within the Witzenberg municipal area

A total of 18 formal written price quotations amounting to R 1 756 773 were awarded.

The following table details the value of formal written price quotations awarded to enterprises within the Witzenberg municipal area during the 2018/19 financial year:

Number of contracts awarded to enterprises within the Witzenberg municipal area	Percentage of contracts awarded to enterprises within the Witzenberg municipal area (%)	Value of contracts awarded to enterprises within the Witzenberg municipal area R	Percentage of contract value awarded to enterprises within the Witzenberg municipal area (%)
4	22.22	399 096.00	33.72



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## 2.11.3 Deviation from normal procurement processes

Paragraph 44 of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement process. Deviations amounting to R 11 122 188.47 were approved by the Accounting Officer. The following table provides a summary of deviations approved on an annual and monthly basis respectively:

Type of deviation	Number of deviations	Value of deviations R	Percentage of total deviations value (%)
Single supplier	59	1 553 446.72	13.97
Impossible	0	0.00	0.00
Impractical	92	8 947 680.43	80.45
Emergency	36	621 061.32	5.58

This amount shows a decrease of R 1 540 444.47 compared to the previous year's figure of R 9 581 744.

## 2.11.4 Logistics management

The system of logistics management must ensure the following:

- the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

Each stock item at the municipal stores, Drommedaris Street, is coded and listed on the financial system. Monthly monitoring of patterns of issues and receipts are performed by the Storekeeper. Inventory levels are set at the start of each financial year. These levels are set for normal operations. In the event that special projects are being launched by departments, such information is not communicated timely to the Stores section in order to gear them to order stock in excess of the normal levels. Internal controls are in place to ensure that goods and service that are received, are certified by the responsible person, which is in line with the general conditions of contract. Regular checks are performed to determine the condition. Quarterly stock counts are performed so that surpluses, deficits, damaged and redundant stock items are identified and reported to Council. As at 30 June 2019, the value of the stock at the municipal stores is calculated at R 10 475 249.88, with a satisfactory stock turnover rate of 1.23. For the 2018/19 financial year, a total of R 2 243.60 was accounted for as damaged and deficit inventory. Surplus items amounted to R 52.14.

## 2.11.5 Disposal management

The system of disposal management must ensure the following:

- immovable property is sold only at market related prices, except when the public interest or the plight of the poor demands otherwise;
- movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices; whichever is the most advantageous;
- Firearms are not sold or donated to any person or institution within or outside the Republic, unless approved by the National Conventional Arms Control Committee;
- Immovable property is let at market related rates, except when the public interest or the plight of the poor demands otherwise;

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- 🍎 All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property is reviewed annually;
- 🍎 Where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- 🍎 In the case of the free disposal of computer equipment, the Provincial Department of Education is first approached to indicate within 30 days whether any of the local schools require this equipment.

We are complying with section 14 of the MFMA which deals with the disposal of capital assets.

No disposals took place during the 2018-2019 financial year.

## 2.11.6 Performance management

The SCM policy requires that an internal monitoring system be established and implemented in order to determine, on the basis of retrospective analysis, whether the SCM processes were followed and whether the objectives of the SCM policy were achieved.

Monitoring of internal processes is an on-going process. Procedure manuals for various SCM processes has been updated and are awaiting approval for implementation. Monthly reporting concerning appeals received by aggrieved bidders is also done to measure the performance of the bid specification and bid evaluation committees.

The Accounting Officer has appointed the Internal Auditor as the independent observer to attend bid committee meetings. This further enhances transparency with regard to our bid committee system and compliance to all relevant legislation.

No companies were listed as restricted suppliers during the 2018/19 financial year.

## 2.12 Website

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of Section 75 of the MFMA and Section 21A and B of the MSA as amended.

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. It is a communication tool that should allow easy and convenient access to relevant information. The municipal website should serve as an integral part of the municipality's Communication Strategy.

The table below gives an indication about the information and documents that are published on our website.

Description of information and/or document	Yes/No
<b>Municipal contact details (Section 14 of the Promotion of Access to Information Act)</b>	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
<b>Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)</b>	
Draft Budget 2017/18	Yes
Adjusted Budget 2017/18	Yes






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Description of information and/or document	Yes/No
Asset Management Policy	Yes
Customer Care, Credit control and Debt collection Policy	Yes
Indigent Policy	Yes
Funds and Reserves Policy	Yes
Investment and Cash Management Policy	Yes
Rates Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
Veriment Policy	Yes
Petty Cash Policy	Yes
Long Term Financial Policy	Yes
Borrowing Policy	Yes
SDBIP 2017/18	Yes
<b>Integrated Development Plan and Public Participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)</b>	
Reviewed IDP for 2017/18	Yes
IDP Process Plan for 2017/18	Yes
<b>Supply Chain Management (Sections 14(2), 33, 37 and 75(1)(e) and (f) and 120(6)(b) of the MFMA and Section 18(a) of the National SCM Regulation)</b>	
List of capital assets that have been disposed	Yes
Long Term borrowing contracts	Yes
<b>Reports (Sections 52(d), 71, 72 and 75(1)(c) and 129(3) of the MFMA)</b>	
Annual Report of 2016/17	Yes
Oversight reports	Yes
Mid-year budget and performance assessment	Yes
Quarterly Reports	Yes
Monthly Budget Statement	Yes
<b>Performance Management (Section 75(1)(d) of the MFMA)</b>	
Performance Agreements for employees appointed as per S57 of Municipal Systems Act	Yes
<b>Assurance Functions (Sections 62(1), 165 and 166 of the MFMA)</b>	
Audit Committee charter	Yes
Risk Management Policy	Yes

### 2.13 Communication & Public Satisfaction

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa Act 1996 and other statutory enactments all impose an obligation on local government communicators and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all. Good customer care is of fundamental importance to government organisations due to their constant interaction with members of the public. All local government entities strive to uphold the following Constitutional ideals towards the development of acceptable policy and legislative framework regarding service delivery in public service:

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-  Promoting and maintaining high standards of professional ethics;
-  Providing service impartially, fairly, equitably and without bias;
-  Utilising resources efficiently and effectively;
-  Responding to people's needs; the citizens are encouraged to participate in policy-making; and
-  Rendering an accountable, transparent, and development-oriented public administration.

These ideals are achieved through always adhering to the 8 principles of Batho Pele:

## **Consultation**

Consultation is done through various tools is a powerful tool that enriches and shapes government policies such as the Integrated Development Plans (IDPs) and its implementation in Local Government sphere.

## **Setting service standards**

This principle reinforces the need for benchmarks to constantly measure the extent to which citizens are satisfied with the service or products they receive from departments. It also plays a critical role in the development of service delivery improvement plans to ensure a better life for all South Africans. Citizens should be involved in the development of service standards.

## **Increasing access**

One of the primary aims of Batho Pele is to provide a framework for making decisions about delivering public services to the many South Africans who do not have access to them. Batho Pele also aims to rectify the inequalities in the distribution of existing services.

## **Ensuring courtesy**

This goes beyond a polite smile, 'please' and 'thank you'. It requires service providers to empathize with the citizens and treat them with as much consideration and respect, as they would like for themselves.

## **Providing information**

As a requirement, available information about services should be at the point of delivery, but for residents who are located far from the point of delivery, other arrangements will be needed.

## **Openness and transparency**

A key aspect of openness and transparency is that the public should know more about the way national, provincial and local government institutions operate, how well they utilise the resources they consume, and who is in charge.

## **Redress**

This principle emphasises a need to identify quickly and accurately when services are falling below the promised standard and to have procedures in place to remedy the situation. Public servants are encouraged to welcome complaints as an opportunity to improve service, and to deal with complaints so that weaknesses can be remedied quickly for the good of the citizen.

## **Value for money**

Many improvements that the public would like to see often require no additional resources and can sometimes even reduce costs. Failure to give a member of the public a simple, satisfactory explanation to an enquiry may for example, result in an incorrectly completed application form, which will cost time to rectify.

## **2.13.1 Communication strategy**

The Witzenberg Municipality Communication Strategy 2013/2017 illustrates the views of local residents regarding communication and perceptions of the municipality. Many views expressed display dissatisfaction levels with aspects related to elements beyond the scope of local government, for example access to housing, employment opportunities, education and healthcare. However, local government acts as the conduit to expedite issues of this nature to the correct government entities as well as support and invest in various programmes aimed at skills development, youth development, social development and short term temporary employment. Levels of literacy, understanding of language, public apathy, level of education, knowledge of government processes and access to communication tools can also affect how the public formulates perceptions of local government and can potentially hamper how they communicate and assimilate communication, especially within rural environs. A successful communication strategy therefore links local demographics to the municipality's action plan and influences budgetary expenditure according to the needs of the public. The Communication strategy is up for review.

Below is a communication checklist of the compliance to the communication requirements:

Communication activities	Yes/No
Communication unit	Yes

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Communication activities	Yes/No
Communication strategy	Yes
Communication Policy	Part of the Strategy
Media communication	Yes
Public participation and ward committees	Yes
Online communication	Yes
Customer satisfaction surveys	Yes
Functional complaint management systems	Yes
Newsletters distributed at least quarterly	Yes

## 2.13.2 Communication and query/complaint management

Witzenberg Municipality runs a 24 hour control centre that provides assistance to the public, 7 days a week, 365 days a year. The control centre offers the dual function of escalating service delivery queries to the correct departments such as water and sewerage, electrical, streets and storm water, as well as escalates emergency service queries to police, ambulance, fire, traffic. They also perform the function of informing senior management and Council concerning high priority incidents such as shack fires, housing issues, motor vehicle accidents, obstructions and health hazards. This ensures that decisions regarding expenditure and overtime can be executed and monitored. Complaints are also received via fax, email, website, and letters and this communication is routed to the correct sections and personnel to address. Speedy turnaround times and feedback towards clients ensure that they are not disgruntled and have a realistic expectation of when the service will be delivered, its delivery method and how the query will be resolved. This greatly aids in educating the public on how the municipality conducts its operations, how to use the municipality to address issues as well as creating public support. Failure to validate complaints and communicate the reasons for service interruptions can result in discord and protest.

## 2.13.3 Communication and municipal marketing

The cornerstone of municipal marketing is the quality of service which includes speed of initial response, workmanship of service rendered, duration of address before resolution, feedback to the complainant, professional closure/finishing of the problem addressed. Branding is associated with all types of municipal marketing (logos, uniforms, public engagement, etc.) and as illustrated in the Communication Strategy (2013-2017), the public do not have a negative perception of services rendered by the municipality, but neither do they have a positive perception of the municipality. Thus, marketing efforts will focus upon logo placement on all infrastructure, creation of printed collateral, monthly newsletters, social media engagement, media statements, corporate gifting, etc. The overarching theme projected with communication is to offer the public easy access to services, information, personnel and complaint resolution.

## 2.13.4 Communication and international relations

Witzenberg Municipality is open towards establishing mutually beneficial partnerships with international organisations and municipalities aimed at skills development, knowledge sharing, local economic empowerment and job creation. The municipality regularly conducts meetings with visiting international delegations to discuss aspects of operations and best practice models. Some of these engagements have resulted in twinning agreements offering developmental support to our vulnerable communities.

## 2.13.5 Communication and investor relations

Witzenberg Municipality consistently markets its service delivery levels and infrastructure in a bid to attract investors to the area through the promotion of its facilities, management, political stability, water and air quality, natural environment and unskilled and semi-skilled labour force.

## **2.13.6 Emergency and disaster communication**

In the event of an emergency or disaster being declared by the District, Witzenberg Municipality is able to provide communication support through mechanisms of communications relay to line functions within its competence, able to source landscape and geographical mapping of the area in question, gather inputs from visceral line functions and services, perform communication reports to monitor the situation, act as spokesperson, manage and support media relations, drafting articles/statements and providing photographic evidence of the situation if so required.

## **2.13.7 Financial communication**

Witzenberg Municipality engages frequently with the public regarding its expenditure on projects, financial legislation, anti-fraud and corruption mechanisms, the bid and tender processes, through social media and printed collateral. The aim of financial communication is to create transparency regarding our expenditure and asset management. As a municipality our ultimate goal is to comply and, where possible, to exceed the audit standards set forth for local government and maintain our clean audit status. Due to the regulatory nature of financial management, Witzenberg Municipality aims to make this information freely available for the public to access as well as make use of language calibration to ensure that the information disseminated is simple and easily assimilated. Use of graphics and household comparisons are frequently used to illustrate technical information.

## **2.13.8 Electronic communication**

Social media is a cost effective resource used to convey information and is an effective method of relaying municipal communication as many residents are in possession of a cell phone. However, this mode of communication is labour intensive and does not have great penetration in our rural environs due to limited connectivity and access to mobile data/wifi. We also make use of text message communication to residents to convey urgent updates concerning power outages, water interruptions, road closures, dangerous weather conditions, municipal jamborees, etc. Witzenberg Municipality also uploads Council information, minutes of meetings and tender information onto our corporate website.

## **2.13.9 Interpersonal communication**

Witzenberg Municipality conducts internal communication with employees to promote and convey our organisational policies and procedures to staff through internal newsletters. This newsletter covers employee related information concerning long service awards, retirement, information regarding their salary structures and benefits, births, marriages, deaths, sporting achievements, training and educational accolades, health and safety, anti-fraud strategies and whistle blowing. The communication aimed at employees, carries a monthly theme concerning employee wellness to promote better health management and personal welfare. It is also a platform for senior management to engage with employees and relay important information.

## **2.13.10 Media communication**

Witzenberg Municipality creates, promotes and liaises with local and regional media regarding project and programme launches, milestones, municipal issues, local events. We also respond to media queries and requests for statements. All external communication is approved by the Municipal Manager as per his delegation; however, he may appoint spokespersons within the organisation at his discretion.

## **2.13.11 Communication and legislation**

Witzenberg Municipality liaises with the public regarding decisions by Council and Portfolio Committees with impact upon local regulations and by-law generation. The municipality often engages with the public for initial commentary and feedback to aid the municipality with their decision-making on issues highlighted by the public. The municipality also performs official communication to residents and businesses concerning contravention of established by-laws and regulations. The municipality always strives to be open, consistent and transparent regarding legal issues and aims to engage with the parties involved to ensure clarity, mutual understanding and respect of heritage, cultural and religious beliefs, as long as it does not infringe upon the rights of other residents.

## **2.13.12 Visual communication**

Witzenberg Municipality is in the process of developing policies to manage our visual usage and corporate identity. Visual communication is pivotal to our Communication Strategy as a large sector of our demography have










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poor literacy levels and relies upon visual communication to understand municipal messages. Visual communication is performed through the use of correspondence, branding, photographs, marketing collateral, videos, industrial theatre, animation and events. Municipal vehicles are branded with decal which identifies them as official conveyances and inspires trust with residents that the work being administered by employees or the information being disseminated by employees is accurate and reliable. It is for this reason that 'loud hailing' is an effective communication practice to relay urgent notifications to the public in the Witzenberg district.

## 2.13.13 Communication challenges

The Witzenberg Municipality communicates regularly with its target public, but faces financial challenges which hamper the following areas of our communication initiatives:

-  Branding of assets, employees and infrastructure
-  Limited brand collateral available
-  Inability to perform outsourced media scanning
-  Development of our intranet
-  Poor network coverage due to the topography
-  Limited to no free Wi-Fi access
-  Access to better technology for our communication systems, brand development, feedback mechanisms and reporting
-  No access to communication or perception-specific research regarding language usage and message penetration
-  Neglect or exclude small pockets of the community which are located in remote, rural environs

Local government is frequently criticised on their lack of communication and engagement with the community, but although our municipality faces adversity, Witzenberg Municipality is successful in our good governance as we progress each year in this field, due to prioritising the needs of our all our residents; commercial, residential, rural and informal. Our communities are vocal and hold the municipality accountable for our performance and our areas for improvement in our departments. The reputation of the municipality is that we are approachable and accessible to the public and this is largely as a result of our frequent interaction with the public, addressing issues raised by the public, admitting fault, limitation where relevant and building a trust relationship with the public based upon reliability and quality services.

## 2.13.14 Communication milestones

Witzenberg Municipality strive to continuously communicate municipal related information and news to the Witzenberg community in order to promote the Witzenberg Municipality brand, positively influence perceptions of service delivery, as well as the level of satisfaction with services, rating of communication, suggestions for improvement and utilise the most effective communication channel/s. The 2013-2017 Communication Strategy is currently under review.



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.1 Overview of Performance within the Organisation

#### 3.1.1 Introduction

Performance management is prescribed by Chapter 6 of the MSA and the Municipal Planning and Performance Management Regulations, 2001. Regulation 7(1) of the aforementioned regulation states that “A Municipality’s Performance Management System entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players.” This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance. The municipality adopted a Performance Management Framework that was approved by Council on 13 December 2012. A revision was accepted by Council on 25 July 2018.

The Top Layer SDBIP for 2018/19 was approved by the Mayor on 5 June 2018. Revisions to the SDBIP Top Layer targets was approved by Council on 27 February 2019 and the Adjusted Top Layer SDBIP approved by the Mayor on 1 March 2019. Below are the considerations in the development of the Top Layer SDBIP:

- 🍎 Alignment with the IDP, National KPA’s, Municipal KPA’s and IDP objectives
- 🍎 Alignment with the budget
- 🍎 Oversight Committee Report on the Annual Report of 2017/18
- 🍎 The risks identified by the Internal Auditor during the municipal risk analysis
- 🍎 Areas to be addressed and root causes of the Auditor-General management letter, as well as the risks identified during the audit

Other additional information with regards to performance:

- |                                               |                   |
|-----------------------------------------------|-------------------|
| 🍎 Functions of the municipality               | <b>Appendix D</b> |
| 🍎 Performance of entities & service providers | <b>Appendix I</b> |
| 🍎 Service delivery performance at word level  | <b>Appendix F</b> |

#### 3.1.2 Organisational Performance

The organisational performance is monitored and evaluated via the SDBIP. An operating procedure for the management and implementation of the SDBIP has been developed. The operating procedure was work-shopped with the relevant KPI owners and senior management. The procedures can be summarised as follows:

- 🍎 The Performance Administrator informs the relevant KPI owners, senior management and departmental secretaries of the closure date to submit actuals achieved for the preceding month. By the 10th of each month KPI owners must submit their actuals achieved performance information or evidence to the Manager: Projects & Performance. If a specific target was not reached, reasons with corrective measures must be provided.
- 🍎 The Performance Administrator captures the result on an excel spreadsheet which is updated on a monthly basis after the closure date.
- 🍎 Within 10 working days after the closure date, the Performance Administrator generate a report from excel and distribute via email to Senior Management for discussion at Senior Management- and Directorate Meetings.
- 🍎 Results on the Top Layer SDBIP Key Performance Indicators are submitted to the CFO for inclusion in the quarterly Section 52D report that is tabled at Council.

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The quarterly performance report as included in the Quarterly Budget Statement (Section 52d Report), was tabled at Council as follows:

○ 1st Quarterly Budget Statement	31 October 2018
○ 2nd Quarter Budget Statement	23 January 2019
○ Section 72 Midyear report	23 January 2019
○ 3rd Quarterly Budget Statement	30 May 2019
○ 4th Quarterly Budget Statement	31 July 2019

## 3.1.3 Individual Performance

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance based agreements with the Section 57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by Regulation 805 (August 2006). The performance agreements for the 2017/18 financial year were signed on 28 July 2017, as prescribed.

The appraisal of the actual performance in terms of the signed agreements, takes place twice per annum as regulated. The mid-year performance of 2017/18 took place on 26 March 2018 and the final evaluation of the 2017/18 financial year will take place after the auditing of the 2017/18 Annual Performance Report and Annual Financial Statements.

The appraisals were done by an evaluation panel as indicated in the signed performance agreements and in terms of Regulation 805. The panel included the following people:

- Executive Mayor
- Portfolio Chairperson
- Chairperson of the Performance, Risk and Audit Committee
- Municipal Manager
- Manager: Human Resources
- Mr. A Paulse, Municipal Manager of Oudtshoorn Municipality, took part in the review of the Municipal Manager

## 3.1.4 The Integrated Development Plan and the Budget

The IDP for 2018/19 was reviewed and approved on 30 May 2018, whilst the budget for 2018/19 was approved by Council on the same day. The IDP process and the performance management process are integrated. The IDP fulfils the planning stage of performance management. Performance management, in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

The table below provides an analysis of the budget allocation and expenditure per Municipal Key Performance Area (Operational expenditure excludes internal transfers):

Municipal Key Performance Area	Adjusted Capital Budget	Actual Capital Expenditure for 2018/19	Operational Budget (Opex)	Actual Operating Expenditure for 2018/19
	R'000	R'000	R'000	R'000
Essential Services	82 281	80 912	384 928	362 375
Governance	2 031	1 714	126 762	105 823
Communal Services	6 327	4 031	89 148	79 118
Socio-Economic Support Services	0	0	7 933	7 404
<b>Total</b>	<b>90 639</b>	<b>86 657</b>	<b>608 771</b>	<b>554 721</b>

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## 3.1.5 Strategic Alignment

Municipal Key Performance Area	Strategic Objective	
Essential Services	1.1	Sustainable provision and maintenance of basic infrastructure
	1.2	Provide for the needs of informal settlements through improved services
Governance	2.1	Support institutional transformation and development
	2.2	Ensure financial viability
	2.3	To maintain and strengthen relations with international- and inter-governmental partners as well as the local community through the creation of participative structures.
Communal Services	3.1	Provide and maintain facilities that make citizens feel at home
Socio-Economic Support Services	4.1	Support the poor and vulnerable through programmes & policy
	4.2	Create an enabling environment to attract investment and support to the local economy.

## 3.1.6 Key Performance Indicators in approved 2018/19 Top Layer SDBIP per Strategic Objective

### 1.1) Sustainable provision and maintenance of basic infrastructure

Ref	KPI	Unit of Measurement	Wards	Target/Actual for 2017/18	Target for 2018/19				
					Q1	Q2	Q3	Q4	Annual
TecDir1	% Expenditure on Maintenance Budget by Technical Directorate	Percentage of budget spent.	All	99%/99,8%	25%	50%	75%	99%	99%
TecDir3	% Expenditure on Capital Budget by Technical Directorate	Percentage of budget spent.	All	96%/98%	10%	40%	60%	96%	96%
TecWat21	Percentage compliance with drinking water quality standards.	Percentage compliance.	All	98%/100%	98%	98%	98%	98%	98%
FinInc17	Number of outstanding valid applications for water services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	<1%	<1%	<1%	<1%
FinInc18	Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	<1%	<1%	<1%	<1%
FinInc19	Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	<1%	<1%	<1%	<1%
FinInc20	Number of outstanding valid applications for refuse collection services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	<1%	<1%	<1%	<1%
TecWat20	Decrease unaccounted water losses.	Percentage water losses.	All	18%/17,9%	18%	18%	18%	18%	18%
TecEl37	Decrease unaccounted electricity losses.	Percentage electricity losses.	All	10%/9,9%	10%	10%	10%	10%	10%
TecRo7	Kilometres of roads upgraded & rehabilitated	Kilometres of roads	All	3 / 4,4	0	1	2	3	3

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## 1.2) Provide for the needs of informal settlements through improved services

Ref	KPI	Unit of Measurement	Wards	Target/Actual for 2017/18	Target for 2018/19				
					Q1	Q2	Q3	Q4	Annual
TecDir2	Number of subsidised serviced sites developed.	Number of serviced plots.	All	100/101	100	200	300	529	529
TecWat22	Provide basic services - number of informal areas with sufficient communal water services points (taps).	Number of informal areas.	All	3/3	3	3	3	3	3
TecSan13	Provide basic services - number of informal areas with sufficient communal sanitation services points (toilets).	Number of informal areas.	All	3/3	3	3	3	3	3
TecRef31	Improve basic services - number of informal settlements receiving a door-to-door refuse collection and area-cleaning service.	Number of informal areas.	All	3/3	3	3	3	3	3
TecEI36	Percentage of houses in a subsidised housing project connected to the electrical network.	Percentage of completed subsidised houses connected	All	200/189				95%	95%

## 2.1) Support institutional transformation and development

Ref	KPI	Unit of Measurement	Wards	Target/Actual for 2017/18	Target for 2018/19				
					Q1	Q2	Q3	Q4	Annual
CorpHR13	Percentage budget spent on implementation of Workplace Skills Plan.	Percentage of budget spent.	All	96%/98,8%	25%	50%	75%	96%	96%
CorpHR12	Report on percentage of people from employment equity target groups employed in the three highest levels of management in the municipality	Quarterly report	All	4/4	1	1	1	1	4

## 2.2) Ensure financial viability

Ref	KPI	Unit of Measurement	Wards	Target/Actual for 2017/18	Target for 2018/19				
					Q1	Q2	Q3	Q4	Annual
FinFAdm10	Financial viability expressed as Debt-Coverage ratio	Ratio	All	90/90	90	90	90	90	90
FinFAdm9	Financial viability expressed as Cost-Coverage ratio	Ratio	All	2,8/2,97	2.8	2.8	2.8	2.8	2.8
FinFAdm11	Financial viability expressed outstanding service debtors	Ratio	All	44%/49%	44%	44%	44%	44%	44%
FinDir3	Opinion of the Auditor-General on annual financial statements of the previous year.	Opinion of AG - unqualified	All	1/1	0	0	1	0	1
FinIn15	Increased revenue collection	Percentage revenue collected.	All	95%/94%	94%	94%	94%	94%	94%
MM1	Percentage of budget spent on maintenance.	Percentage of budget spent.	All	98%/99,7%	25%	50%	75%	99%	99%

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Ref	KPI	Unit of Measurement	Wards	Target/Actual for 2017/18	Target for 2018/19				
					Q1	Q2	Q3	Q4	Annual
MM2	Percentage spent of capital budget.	Percentage of budget spent.	All	96%/96,4%	10%	40%	60%	96%	96%

- 2.3) To maintain and strengthen relations with international- and inter-governmental partners as well as the local community through the creation of participative structures.

Ref	KPI	Unit of Measurement	Wards	Target/Actual for 2017/18	Target for 2018/19				
					Q1	Q2	Q3	Q4	Annual
MMIDP9	Number of IDP community meetings held.	Number of meetings held.	All	14/14	0	7	0	7	14
ComSoc49	Number of meetings with inter-governmental partners.	Number of meetings held.	All	12/13	3	6	9	12	12

- 3.1) Provide and maintain facilities that make citizens feel at home

Ref	KPI	Unit of Measurement	Wards	Target/Actual for 2017/18	Target for 2018/19				
					Q1	Q2	Q3	Q4	Annual
ComAm34	Report on annual customer satisfaction survey on community facilities.	1 Report	All	1/1		1			1
ComDir1	% Expenditure on Maintenance Budget by Community Directorate	Percentage of budget spent.	All	99%/99,7%	25%	50%	75%	99%	99%
ComDir2	% Expenditure on Capital Budget by Community Directorate	Percentage of budget spent.	All	96%/97%	10%	40%	60%	96%	96%

- 4.1) Support the poor and vulnerable through programmes and policy

Ref	KPI	Unit of Measurement	Wards	Target/Actual for 2017/18	Target for 2018/19				
					Q1	Q2	Q3	Q4	Annual
ComSoc41	Number of account holders subsidised through the municipality's indigent Policy	Number of account holders.	All	3000/2373	2750	2750	4000	4000	4000
ComLed8	The number of jobs created through municipality's local economic development initiatives including capital projects.	Number of jobs created.	All	390/403	100	200	300	390	390
ComSoc42	Number of social development programmes implemented	Number of programmes.	All	20/36	5	10	15	20	20
ComHS14	Number of housing opportunities provided per year.	Number of top structures.	All	107/107	0	0	0	30	30
ComHS15	Number of Rental Stock transferred	Number of properties transferred.	All	60/39	10	20	30	40	40

- 4.2) Create an enabling environment to attract investment and support to the local economy.

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Ref	KPI	Unit of Measurement	Wards	Target/Actual for 2017/18	Target for 2018/19				
					Q1	Q2	Q3	Q4	Annual
MMPop21	Quarterly report on the alienation of municipal properties to support economic growth.	Quarterly Reports	All	1/1	1	1	1	1	4
ComLed4	Quarterly report on the implementation of strategies and planned actions as identified in the Witzenberg LED Strategy	Quarterly Reports	All	1/1	1	1	1	1	4

## 3.1.7 5 Year Corporate Scorecard: Development & Service Delivery Priorities

Municipal KPA	Pre-determined objectives	Ref	Key Performance Indicator	Base-line 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021/22	Target 2022/23
Essential Services	Sustainable provision & maintenance of basic infrastructure	TecDir1	% Expenditure on Maintenance Budget by Technical Directorate	99,8%	99%	99%	99%	99%	99%
		TecDir3	% Expenditure on Capital Budget by Technical Directorate	98%	96%	96%	96%	97%	97%
		TecWat21	Percentage compliance with drinking water quality standards.	100%	98%	98%	98%	98%	98%
		FinInc17	Number of outstanding valid applications for water services expressed as a % of total number of billings for the service.	0%	<1%	<1%	<1%	<1%	<1%
		FinInc18	Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service.	0%	<1%	<1%	<1%	<1%	<1%
		FinInc19	Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service.	0%	<1%	<1%	<1%	<1%	<1%
		FinInc20	Number of outstanding valid applications for refuse collection services expressed as a % of total number of billings for the service.	0%	<1%	<1%	<1%	<1%	<1%
		TecWat20	Decrease unaccounted water losses.	17,9%	18%	18%	18%	16%	16%
		TecEl37	Decrease unaccounted electricity losses.	9,9%	10%	10%	10%	10%	10%
		TecRo7	Kilometres of roads upgraded &	4,4	3	3	3	4	4

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Municipal KPA	Pre-determined objectives	Ref	Key Performance Indicator	Base-line 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021/22	Target 2022/23
			rehabilitated						
	Provide for the needs of informal settlements through improved services	TecDir2	Number of subsidised serviced sites developed.	101	400	0	100	0	200
		TecWat2	Provide basic services - number of informal areas with sufficient communal water services points (taps).	3	3	3	3	2	2
		TecSan1	Provide basic services - number of informal areas with sufficient communal sanitation services points (toilets).	3	3	3	3	2	2
		TecRef3	Improve basic services - number of informal settlements receiving a door-to-door refuse collection and area-cleaning service.	3	3	3	3	2	2
		TecEI36	Percentage of houses in a subsidised housing project connected to the electrical network.	189	100	100	100	100	100
Governance	Support Institutional Transformation & Development	CorpHR13	Percentage budget spent on implementation of Workplace Skills Plan.	98,8%	96%	96%	96%	96%	96%
		CorpHR12	Report on percentage of people from employment equity target groups employed in the three highest levels of management in	4 reports	4 reports	4 reports	4 reports	4 reports	4 reports
	Ensure financial viability.	FinFAdm10	Financial viability expressed as Debt-Coverage ratio	90,2	90	90	90	90	90
		FinFAdm9	Financial viability expressed as Cost-Coverage ratio	2,97	2.8	2.8	2.8	2.8	2.8
		FinFAdm11	Financial viability expressed outstanding service debtors	49%	44%	42%	42%	42%	40%
		FinDir3	Opinion of the Auditor-General on annual financial statements of the previous year.	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
		FinIn15	Increased revenue collection	94%	96%	96%	96%	97%	97%
		MM1	Percentage of budget spent on maintenance.	99,7%	99%	99%	99%	99%	99%
		MM2	Percentage spent of capital budget.	96%	96%	96%	96%	97%	97%



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Municipal KPA	Pre-determined objectives	Ref	Key Performance Indicator	Base-line 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021/22	Target 2022/23
	To maintain and strengthen relations with international- & inter-governmental partners as well as the local community through the creation of participative structures	MMIDP9	Number of IDP community meetings held.	14	14	14	14	14	14
		ComSoc 49	Number of meetings with inter-governmental partners.	13	12	12	12	12	12
Communal Services	Provide & maintain facilities that make citizens feel at home.	ComAm 34	Report on annual customer satisfaction survey on community facilities.	1 report	1 report	1 report	1 report	1 report	1 report
		ComDir1	% Expenditure on Maintenance Budget by Community Directorate	99,7%	98%	99%	99%	99%	99%
		ComDir2	% Expenditure on Capital Budget by Community Directorate	97%	96%	96%	96%	97%	97%
Socio-Economic Support Services	Support the poor & vulnerable through programmes & policy	ComSoc 41	Number of account holders subsidised through the municipality's indigent Policy	2 373	2 750	2 700	2 700	2 500	2 500
		ComLed 8	The number of jobs created through municipality's local economic development initiatives including capital projects.	403	390	400	400	400	420
		ComSoc 42	Number of social development programmes implemented	36	20	20	20	20	20
		ComHS1 4	Number of housing opportunities provided per year.	107	100	100	100	100	100
		ComHS1 5	Number of Rental Stock transferred	39	50	60	60	70	70
	Create an enabling environment to attract investment & support local economy.	MMProp 21	Quarterly report on the alienation of municipal properties to support economic growth.	1	4 reports	4 reports	4 reports	4 reports	4 reports
		ComLed 4	Quarterly report on the implementation of strategies and planned actions as identified in the Witzenberg LED Strategy	1	4 reports	4 reports	4 reports	4 reports	4 reports

## 3.1.8 Strategic Performance (Top Layer SDBIP) for 2018/19

Strategic performance of the municipality is measured in terms of the municipality's performance on its key performance indicators (KPI) set in the Top Layer SDBIP.

Actual strategic performance (Top Layer) and corrective measures that will be implemented

### 1.1) Sustainable provision and maintenance of basic infrastructure

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Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2017/18	Target for 2018/19	Overall actual performance for 2018/19
TecDir1	% Expenditure on Maintenance Budget by Technical Directorate	Percentage of budget spent.	All	99% /99,8%	99%	99.6%
TecDir3	% Expenditure on Capital Budget by Technical Directorate	Percentage of budget spent.	All	96%/98%	96%	98,3%
TecWat21	Percentage compliance with drinking water quality standards.	Percentage compliance.	All	98%/100%	98%	100%
FinInc17	Number of outstanding valid applications for water services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	0%
FinInc18	Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	0%
FinInc19	Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	0%
FinInc20	Number of outstanding valid applications for refuse collection services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	0%
TecWat20	Decrease unaccounted water losses.	Percentage water losses.	All	18%/17,9%	18%	17,7%
TecEl37	Decrease unaccounted electricity losses.	Percentage electricity losses.	All	10%/9,9%	10%	10,5%
Reason for under-performance: Increase can be attributed mainly to the theft of electricity in the informal areas of Witzenberg.						
Corrective measures: Addressed in terms of the "Illegal Connection Strategy" that is in the process of being implemented.						
TecRo7	Kilometres of roads upgraded & rehabilitated	Kilometres of roads	All	3 / 4,4	3	7,3
Currently Witzenberg Municipality make use of an outdated Pavement Management system to indicate road resurfacing priorities. The update of the PMS is still on process. During the year, with the help of inspections, it came to the attention that certain road sections required immediate resealing due to their poor condition. The municipality undertook an in-house slurry surfacing project to address these issues, and this being the reason the target was over achieved.						

## 1.2) Provide for the needs of informal settlements through improved services

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2017/18	Target for 2018/19	Overall actual performance for 2018/19
TecDir2	Number of subsidised serviced sites developed.	Number of serviced plots.	All	100/101	529	526
Reason for under-performance: The total number of serviced sites in the project was reduced due to adverse geotechnical conditions in some areas. Original project approval was for 635 sites that have been reduced to 627 sites due to adverse geotechnical conditions. Of the 627 sites, 101 sites were completed in 2017/18, with the result of 526 sites in 2018/19.						
Corrective measures: The decrease in number of serviced sites was only implemented after the February 2019 adjustment budget and the indicator target could therefore not be aligned. An addendum will be provided by the Department of Human Settlements to the existing project approval indicating that the project sites have been reduced.						
Note: Key Performance Indicator was adjusted as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.2 of meeting held on 27/02/2019. Motivation: The target relates to the construction of serviced sites at the Vredebes subsidised housing development Phase F1 (Project 3199.03). Project approval from the Department of Human Settlements was received on 25/01/2018 with resolution nr 18/03. The project of 635 sites is being implemented over two financial years. In 2017/18, 101 sites were reported to be completed. The target is there for adjusted to less than the remainder of the approved sites as the possibility exists that some sites may not be developed due to geotechnical constraints. The new target is						

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Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2017/18	Target for 2018/19	Overall actual performance for 2018/19
however an increase to the existing target.						
TecWat22	Provide basic services - number of informal areas with sufficient communal water services points (taps).	Number of informal areas.	All	3/3	3	3
Note: The indicator measures the availability of water within 200m in the three informal areas located in Nduli, Tulbagh & Wolseley. A land invasion took place at Pine Valley, Wolseley where 228 (436 current) illegal informal structures were erected and occupied. The construction of serviced sites in the area were planned for over the long term as all planning and funding for the next 3 years is focused on the Vredebes development at Ceres. These 228 (436 current) structures were therefor not included in the result above.						
TecSan13	Provide basic services - number of informal areas with sufficient communal sanitation services points (toilets).	Number of informal areas.	All	3/3	3	3
Note: The indicator measures the availability of water within 200m in the three informal areas located in Nduli, Tulbagh & Wolseley. A land invasion took place at Pine Valley, Wolseley where 228 (436 current) illegal informal structures were erected and occupied. The construction of serviced sites in the area were planned for over the long term as all planning and funding for the next 3 years is focused on the Vredebes development at Ceres. These 228 (436 current) structures were therefor not included in the result above.						
TecRef31	Improve basic services - number of informal settlements receiving a door-to-door refuse collection and area-cleaning service.	Number of informal areas.	All	3/3	3	3
TecEI36	Percentage of houses in a subsidised housing project connected to the electrical network.	Percentage of subsidised houses connected.	All	200/189	95%	No applications received
No valid connection applications was received by 30 June 2019, therefor, no connections were done.						
Note: Key Performance Indicator was adjusted as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.2 of meeting held on 27/02/2019.						
Motivation: The reason for the change is that the relevant department for the KPI is dependent on the Housing Department & Contractor to submit to them valid applications where electrical connections can be done. Various delays such as construction period and/or handover to beneficiaries cannot be managed by the electrical department. The KPI is therefore changed to a percentage of valid applications that should be connected.						

## 2.1) Support Institutional transformation and development

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2017/18	Target for 2018/19	Overall actual performance for 2018/19
CorpHR13	Percentage budget spent on implementation of Workplace Skills Plan.	Percentage of budget spent.	All	96%/98,8%	96%	96%
CorpHR12	Report on percentage of people from employment equity target groups employed in the three highest levels of management in	Nr of reports	All	4/4	4	4

## 2.2) Ensure financial viability

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2017/18	Target for 2018/19	Overall actual performance for 2018/19
FinFAdm10	Financial viability expressed as Debt-Coverage ratio	Ratio	All	90/90.2	90	250.8
Provide reason for extreme over achievement of target: Debt Service Payments due is low due the low outstanding amount in terms Borrowings. Redemption of loans in in previous financial years and no new borrowings taken up.						
FinFAdm9	Financial viability expressed as Cost-Coverage ratio	Ratio	All	2.8/2.97	2.8	2.67
Reason for under-performance: Decrease in cash from R 97 506 000(2017-18) to R94 242 000 (2018-19) and an increase in monthly fixed cost from R32 754 000 (2017-18) to R						

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Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2017/18	Target for 2018/19	Overall actual performance for 2018/19
35 267 000 (2018-19) has resulted in an deterioration of the ratio in 2018-19.						
Corrective measures: Fixed cost consists of Employee Related cost, Remuneration of councillors, finance charges, bulk purchases and contracted services. The only elements that can be managed to a certain extent is overtime expenditure (Employee Related Cost) and consultant services (Contracted Services). The municipality could only strive to manage overtime that is not related emergencies. In the long term, the municipality can only strive to capacitate in-house employees through training to ensure that less consultancy services are utilised.						
FinFAdm11	Financial viability expressed outstanding service debtors	Ratio	All	44%/49%	44%	50%
Reason for under-performance: The majority of outstanding debt is in respect of prescribed debt and debt of indigent households.						
Corrective measures: Improve Credit Control & Debt Collection Mechanisms & the Implementation of Marketing strategies i.e. Jamborees, Bulk SMS's & Consumer Web Portal roll-out. Data Cleansing required in terms Indigent Register. Collectability of Long outstanding debt must be investigated, i.e. prescribed debt						
FinDir3	Opinion of the Auditor-General on annual financial statements of the previous year.	Opinion of AG - unqualified	All	Unqualified	Unqualified	Unqualified
FinInc15	Increased revenue collection	Percentage revenue collected.	All	95%/94%	94%	94%
MM1	Percentage of budget spent on overall maintenance.	Percentage of budget spent.	All	99%/99,7%	99%	99,6%
MM2	Percentage spent of overall capital budget.	Percentage of budget spent.	All	96%/96%	96%	95,6%
Reason for under-performance: The overall under spending of 0,4% from the 96% target relates mainly to KPI ComDir2 (expenditure on Community Services Capital Budget) & KPI TecDir2 (Development of serviced sites). The project budget for the serviced sites will be decreased to the value of the serviced sites that could not be developed.						
Corrective measures: Refer to comments under ComDir2: Own funding to be retained as a saving. The decrease in number of serviced sites was only implemented after the February 2019 adjustment budget and the indicator target could therefore not be aligned. An addendum will be provided by the Department of Human Settlements to the existing project approval indicating that the project sites have been reduced.						

## 2.3) To maintain and strengthen relations with international- and inter-governmental partners as well as the local community through the creation of participative structures.

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2017/18	Target for 2018/19	Overall actual performance for 2018/19
MMIDP9	Number of IDP community meetings held.	Number of meetings held.	All	14/14	14	14
Note: The result of 14 include jamborees that was held in the 7 towns during November 2018. IDP meetings for Prince Alfred's Hamlet and Wolseley were advertised but cancelled due to poor attendance.						
ComSoc49	Number of meetings with inter-governmental partners.	Number of meetings held.	All	12/13	12	13

## 3.1) Provide and maintain facilities that make citizens feel at home

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2017/18	Target for 2018/19	Overall actual performance for 2018/19
ComAm34	Report on annual customer satisfaction survey on community facilities.	Report on survey	All	1/1	1	1
ComDir1	% Expenditure on Maintenance Budget by Community Directorate	Percentage of budget spent.	All	99%/99,7%	99%	99%
ComDir2	% Expenditure on Capital Budget by Community Directorate	Percentage of budget spent.	All	96%/97%	96%	63,7%

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Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2017/18	Target for 2018/19	Overall actual performance for 2018/19
Reason for under-performance: Projects such as "Aircons Town Hall" (R 500 000) & "Purchase of land for Stray Animal Pound" (R 1 098 000) was not implemented due to increased uneconomical costs.						
Corrective measures: Own funding to be retained as a saving.						

## 4.1) Support the poor and vulnerable through programmes and policy

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2017/18	Target for 2018/19	Overall actual performance for 2018/19
ComSoc41	Number of account holders subsidised through the municipality's indigent Policy	Number of account holders.	All	3000/2373	4500	3701
Note: Key Performance Indicator was adjusted as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.2 of meeting held on 27/02/2019. Motivation: The Indigent Policy that was adjusted by Council in May 2018 had the result that there was a major increase in the number of beneficiaries. The KPI measures the number of actual beneficiaries against a set target of expected beneficiaries. If the actual are less than the target is viewed as positive as it indicates an increase in the financial health of the community as less people have to rely on the Indigent Subsidy. The target are therefore increased to 4 500 as a result of the expected increase of beneficiaries by year-end due to the change in policy.						
ComLed8	The number of jobs created through municipality's local economic development initiatives including capital projects.	Number of jobs created.	All	390/403	390	397
ComSoc 42	Number of social development programmes implemented	Number of programmes.	All	20/36	20	25
ComHS14	Number of housing opportunities provided per year.	Number of top structures.	All	107/107	30	30
Note: Key Performance Indicator was adjusted as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.2 of meeting held on 27/02/2019. Motivation: The implementation of the project for the construction of top structures at Vredebes relates. Project nr 3199.02 for 600 houses was approved by the Department of Human Settlements on 11/05/2018. The construction of the houses will be phased over a couple of years. The delay in the implementation of the project relates mainly to the approval of housing typologies by Council as the project included different housing typologies such as walk-ups & semi-attached to adhere to densification principles. After various technical meetings between Council, the community & the Department of Human Settlements, the layout was approved 8/01/2019 and construction started in February 2019. The target for completed houses by end of June 2019 is therefore reduced to 30.						
ComHS15	Number of Rental Stock transferred	Number of properties transferred.	All	60/39	40	40
Note: Key Performance Indicator was adjusted as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.2 of meeting held on 27/02/2019. Motivation: The target for end of December was 20 properties to be transferred with 19 actual achieved. It is however extremely difficult to get the cooperation of beneficiaries for the signing of contracts and agreements for payment of outstanding debts to obtain rate clearance certificates. The Housing & Finance departments have started with door-to-door campaigns to increase awareness and persuade beneficiaries to sign. It is however foreseen that the original target of 50 will not be achieved under the existing challenges and are therefore reduced to 40.						

## 4.2) Create an enabling environment to attract investment and support to the local economy.

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2017/18	Target for 2018/19	Overall actual performance for 2018/19
MMPop21	Quarterly report on the alienation of municipal properties to support economic growth.	4 Quarterly Reports	All	1/1	4	4
ComLed4	Quarterly report on the implementation of strategies and planned actions as identified in the Witzenberg LED Strategy	4 Quarterly Reports	All	1/1	4	4



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## COMPONENT A: BASIC SERVICES

### 3.2 Water Services

#### 3.2.1 Introduction

All the towns in the Witzenberg municipal area are equipped with independent water services with their own resources, distribution systems and treatment works.

##### Ceres

The main water source for Ceres is the Koekedouw Dam. Six boreholes serve as a backup source of supply. Water quality from the Koekedouw is good and it is only chlorinated before distribution. Two reservoirs (3 and 5 MI) serve as storage reservoirs to the 114km distribution network, with 4 supply zones (Bella Vista, N'Duli, Ceres main supply zone and Ceres central PRV zone). The network includes 2 X 2 MI service reservoirs, a booster pump station to the pressure tower (500kl) at Bella Vista, as well as a 750 kl service reservoir, 4.5MI reservoir and booster pump station at N'Duli. Three additional boreholes were drilled in Ceres and the Koekedouw borehole equipped.



*The Ceres Koekedouw has overflowed for the 1<sup>st</sup> time in a 4 year drought period during September 2018*

##### Tulbagh

Currently, Klein Berg, Moordenaarskloof and Tierkloof serve as the main sources of water supply to Tulbagh. Construction of the Kleinberg pipeline has been completed to provide an additional supply of  $1.2 \times 10^6 \text{ m}^3/\text{annum}$  from the Klein Berg River. The project will also include a storage dam with a capacity of approximately 1 200 000 m<sup>3</sup>.

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Funding applications has been approved by the Department of Water and Sanitation (DWS) for the construction of the dam. All the water is stored in a 570 MI raw water dam at present. Two reservoirs (800 kl and 1 MI) serve as a clear water storage reservoir to the 29km distribution network, with 2 pressure zones. The network includes a booster pump station to the pressure tower (500 kl). A new reservoir for extra storage capacity is planned for construction at a later stage.

## Wolseley

Wolseley receives its water supply from the Tierhokkloof weir. No storage facility exists and the dependency on the Tierhokkloof River as a sustainable supply without storage has been identified as a critical risk in water provision for growth in Wolseley. Purification consists of pressure filters and chlorination. The Ceres Road Reservoir (680 kl) and the newly constructed 6 MI Wolseley Reservoir serves as a storage reservoir to the 44km distribution network, with two pressure zones. The network includes a 4.5 MI services reservoir (Stamper Street Reservoir), which has been resealed to prevent losses, and a booster pump station. An additional pump station with a capacity of 58 l/s was completed during 2010/11 to enable the transfer of "lei" water during periods of low flow, from the Artois Canal to this reservoir. The project also allows for treatment at the reservoir.

## Prince Alfred's Hamlet

Prince Alfred's Hamlet has four water sources. They consist of the Wabooms River Weir, a fountain, 1 borehole and a supply line from the Koekedouw Dam. Due to the quality of the raw water, only chlorination is required. Four 500 kl reservoirs serve as storage reservoirs to the 32km distribution network, with only 1 pressure zone.

## Op-die-Berg

Op-die-Berg has three water sources, a fountain and 2 boreholes. Due to the quality of the water, only chlorination is required. A 50kl, 60kl and 500kl reservoir serve as storage reservoirs to the 6km distribution network, with only 1 pressure zone. The new storage reservoir is planned for Op-die-Berg to ensure adequate storage capacity, as well as meeting the peak demands of the town.

All drinking water systems located in the towns within Witzenberg have attained Blue Drop status and have also scored nationally in the top ten rankings.

### 3.2.2 Highlights

Highlights	Description
Upgrading & replacement of infrastructure	Upgrading of bulk supply pipelines. Replacement of various pipe networks and valves. Meter replacement program. Security upgrades at Prince Alfred's Hamlet reservoirs Water Demand Study to minimise Un-accounted water losses

### 3.2.3 Challenges

Challenges	Description
Personnel shortage	Number of vacant positions
Budget	Limited budget for infrastructure refurbishment, upgrade and replacement of vehicles and out-dated equipment.
Vandalism	Vandalism at various water reservoirs and pump-stations



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## 3.2.4 Water Service Delivery Levels

### Total use of water by sector (cubic meters)

Year	All	Unaccountable water losses	Percentage losses
	Cubic meters		
2014/15	7 079 144	1 463 304	20.7%
2015/16	6 088 276	962 345	16%
2016/17	6 508 218	1 259 772	19.36%
2017/18	5 835 602	1 090 102	17.9%
2018/19	6 408 893	1 136 219	17,7%

Water losses decreased from 17.9% in the 2017/18 to 17.7% in the 2018/19 financial year and this volume remains within the target set for the financial year. Management processes are, however, on-going to reduce the rate of water losses even further.

The table below specifies the different water service delivery levels per household for the financial years 2016/17, 2017/18 and 2018/19: Note that the “piped water inside dwelling” figure constitutes the number of accounts and is not a true reflection of the number of households. Other figures represent households. These figures exclude rural areas.

Description	2016/17	2017/18	2018/19
	Actual	Actual	Actual
<b>Household</b>			
<b><u>Water: (above minimum level)</u></b>			
Piped water inside dwelling (accounts)	12 016	12 246	12 347
Piped water inside yard (but not in dwelling) (accounts)			
Using public tap (within 200m from dwelling ) (households)	2 226	1 714	2 531
Other water supply (within 200m)	0	0	0
<b>Minimum Service Level and Above Sub-total</b>	<b>14 242</b>	<b>13 960</b>	<b>14 878</b>
<b>Minimum Service Level and Above Percentage</b>	<b>100%</b>	<b>98.4%</b>	<b>97%</b>
<b><u>Water: (below minimum level)</u></b>			
Using public tap (more than 200m from dwelling)	0	**228	**436
Other water supply (more than 200m from dwelling)	0	0	0
No water supply	0	0	0
<b>Below Minimum Service Level Sub-total</b>	<b>0</b>	<b>228</b>	<b>436</b>
<b>Below Minimum Service Level Percentage</b>	<b>0%</b>	<b>1.6%</b>	<b>2;9%</b>
<b>Total number of households (formal and informal)</b>	<b>14 329</b>	<b>14 188</b>	<b>15 314</b>
<i>*Formal households calculated based on accounts issued (excluding informal households which is actual households)</i>			
<i>**The number of informal households below the minimum level are located adjacent Pine Valley, Wolseley, and was the result of an illegal land invasion. Growth of the settlement continuous without any control. The construction of serviced sites in the area were planned for over the long term as all planning and funding for the next 3 years is focused on the Vredebes development at Ceres.</i>			

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## 3.2.5 Service Delivery Indicators: Water Services

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2017/18	Overall Performance 2018/19		
					Target	Actual	R
TecWat21	Sustainable provision & maintenance of basic infrastructure	Percentage compliance with drinking water quality standards	Percentage compliance	98%/100%	98%	100%	
FinInc17		Number of outstanding valid applications for water services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	<1%/0%	<1%	0%	
TecWat20		Decrease unaccounted water losses	Percentage water losses	18%/18%	18%	17,7%	
TecWat22	Provide for the needs of informal settlements through improved services	Provide basic services - number of informal areas with sufficient communal water services points (taps)	Number of informal areas	3/3	3	3	
Note: The indicator measures the availability of water within 200m in the three informal areas located in Nduli, Tulbagh & Wolseley. A land invasion took place at Pine Valley, Wolseley where 228 (436 current) illegal informal structures were erected and occupied. The construction of serviced sites in the area were planned for over the long term as all planning and funding for the next 3 years is focused on the Vredebes development at Ceres. These 228 (436 current) structures were therefor not included in the result above.							

## 3.2.6 Employees: Water & Sanitation Services

Employees: Water & Sanitation Services			
Job Level	2017/18	2018/19	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
0 – 3	32	17	3
4 – 6	1	20	5
7 – 9	17	2	0
10 - 12	1	6	1
13 - 15	2	1	0
<b>Total</b>	<b>59</b>	<b>46</b>	<b>9</b>
Employees and Posts numbers are as at 30 June.			

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## 3.2.7 Capital Expenditure: Water Services

Capital Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Vredebes Housing Internal	4 635 515	7 000 000	7 000 000	0%	8 300 000
Security Upgrades	450 000	710 538	710 538	0%	710 538
Tulbagh Dam	8 260 870	2 500 000	2 499 997	0%	27 000 000
Infrastructure Management System	300 000	526 519	526 519	0%	526 519
Grey Water System		500 000	456 600	(8,8%)	456 000
Network water pipes & valves	1 000 000	1 201 200	1 199 601	0%	1 199 601
<b>Total all</b>	<b>14 646 385</b>	<b>12 428 257</b>	<b>12 393 255</b>	<b>0%</b>	
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). Only major projects included above.</i>					

## 3.3 Waste Water Services (Sanitation)

### 3.3.1 Introduction

#### Ceres

Sewerage and industrial effluent is collected from consumers via a sewerage system which is treated at the Ceres Wastewater Treatment Plant. The Plant services the areas of Ceres, N'Duli, Bella Vista and Prince Alfred's Hamlet. The sewerage system includes 9 booster pump stations. A portion of the treated effluent is used for irrigation on communal land, sport fields and the golf course.

#### Tulbagh

Sewerage is collected from consumers via a sewerage system and treated at the Tulbagh Waste Water Treatment Plant. The sewerage system includes 3 booster pump stations. Treated effluent is partially discharged to a river, under an existing licence and the rest is used for irrigation in Church Street and local sport fields.

#### Wolseley

Sewerage is collected from consumers via a sewerage system and treated at the Wolseley Waste Water Treatment Plant. The sewerage system includes 6 booster pump stations. Mechanical upgrades to the plant to ensure that the plant performs at an optimum level and to ensure compliance with national standards

#### Prince Alfred's Hamlet

A significant volume of sewerage generated at Prince Alfred's Hamlet is pumped for treatment to the Waste Water Treatment Works (WWTW) in Ceres. Three pump stations are used for this purpose. A number of erven still use private septic tank systems to deal with the sewerage. These septic tanks are emptied by the municipality on request.

#### Op-Die-Berg

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75% of the consumers are connected to a sewerage network and treated at the WWTW. The rest are managed through private septic tanks. Septic tanks are emptied by the municipality on request. Upgrades to the WWTW have been completed in order to ensure adequate capacity, as well as efficient and effective treatment of the waste water.

All the towns within Witzenberg have attained Green Drop status and have also scored nationally within in the top ten rankings.

## 3.3.2 Highlights

Highlights	Description
New Infrastructure & upgrades	Replacement of various sewer networks within Witzenberg. Vredebes Sewer Mechanical upgrades to the Wolseley WWTW to ensure that the plant performs at an optimum level and to ensure compliance with national standards Security Upgrades at various sewer pump stations. Purchasing of additional aerators. Purchasing of additional sewer pumps. Grey water study as part of water conservation and demand management. Cleaning of Tulbagh WWTW Final dam

## 3.3.3 Challenges

Challenges	Description
Personnel shortage	Number of vacant positions
Budget	Limited budget for infrastructure refurbishment, upgrade and replacement of vehicles and out-dated equipment.
Vandalism	Vandalism challenges at various sewer pump stations and WWTW's

## 3.3.4 Waste Water (Sanitation) Service Delivery Levels

The table below specifies the different sanitation service delivery levels per households for the financial years 2016/17, 2017/18 and 2018/19.

Note that the "flushed toilet" figure constitutes the number of accounts and is not a true reflection of the number of households. Other figures represent households. These figures exclude rural areas.

Description	2016/17	2017/18	2018/19
	Actual	Actual	Actual
<b>Household</b>			
<b><u>Sanitation:</u> (above minimum level)</b>			
Flush toilet (connected to sewerage) (accounts)	11 537	11 544	12 697
Flush toilet (with septic tank) (nr. of erven)	717	717	717
Chemical toilet (only indicate nr of toilets, not included in calculation)	71	58	28
Pit toilet (ventilated)	0	0	0
Other toilet provisions (above minimum service level) (households – informal areas)	2 226	1 714	2 531
<b>Minimum Service Level and Above Sub-total</b>	<b>14 558</b>	<b>13 975</b>	<b>15 945</b>

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Description	2016/17	2017/18	2018/19
	Actual	Actual	Actual
<b>Household</b>			
<b>Minimum Service Level and Above Percentage</b>	<b>100%</b>	<b>98.4%%</b>	<b>97,3%</b>
<b><u>Sanitation:</u> (below minimum level)</b>			
Bucket toilet	0	0	0
Other toilet provisions (below minimum service level)	0	0	0
No toilet provisions	0	228	436
<b>Below Minimum Service Level Sub-total</b>	<b>0</b>	<b>228</b>	<b>436</b>
<b>Below Minimum Service Level Percentage</b>	<b>0%</b>	<b>1.6%</b>	<b>2,6%</b>
<b>Total number of households (formal and informal)</b>	<b>14 558</b>	<b>14 203</b>	<b>16 381</b>
<i>*Formal households calculated based on accounts issued (including serviced sites but excluding informal households which is actual households)</i>			
<i>**The number of informal households below the minimum level are located adjacent Pine Valley, Wolseley, and was the result of an illegal land invasion. Growth of the settlement continuous without any control. The construction of serviced sites in the area were planned for over the long term as all planning and funding for the next 3 years is focused on the Vredebes development at Ceres.</i>			

## 3.3.5 Service Delivery Indicators: Waste Water (Sanitation)

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2017/18	Overall Performance 2018/19		
					Target	Actual	R
FinInc18	Sustainable provision & maintenance of basic infrastructure	Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	<1%/0%	<1%	0%	
TecSan13	Provide for the needs of informal settlements through improved services	Provide basic services - number of informal areas with sufficient communal sanitation services points (toilets)	Number of informal areas	3/3	3	3	
Note: The indicator measures the availability of toilets within 200m in the three informal areas located in Nduli, Tulbagh & Wolseley. A land invasion took place at Pine Valley, Wolseley where 228 (436 current) illegal informal structures were erected and occupied. The construction of serviced sites in the area were planned for over the long term as all planning and funding for the next 3 years is focused on the Vredebes development at Ceres. These 228 (436 current) structures were therefor not included in the result above.							

## 3.3.6 Capital Expenditure: Waste Water (Sanitation)

Capital Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
<b>R</b>					
Refurbish WWTW	600 000	725 000	724 995	0%	724 995
Security Upgrades	450 000	843 810	843 810	0%	843 810
Sewer pumps replacement	200 000	273 800	273 798	0%	273 798
Aerator replacement	750 000	625 000	625 000	0%	625 000

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Capital Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
programme					
Network: Sewer pipe & Valve Replacement	1 000 000	1 029 000	1 025 616	0%	1 025 616
Vredebes Housing Internal	4 635 515	7 000 000	7 000 000	0%	8 300 000
<b>Total all</b>	<b>7 635 515</b>	<b>10 496 610</b>	<b>10 493 219</b>	<b>0%</b>	
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). Only major projects included above.</i>					

## 3.4 Electricity

### 3.4.1 Introduction

The National Energy Regulator (NERSA) was established to be the custodian and enforcer of the National Electricity Regulatory Framework. NERSA provides the framework for licenses, power generation, transmission, distribution and trading in South Africa.

The upgrading and provision of bulk infrastructure is mainly guided by the implementation of low-cost and private developments and industry.

All erven within the boundaries of Witzenberg Municipality has access to electricity. ESKOM supplies electricity to Op-die-Berg, Prince Alfred Hamlet and the rural areas inclusive of the adjacent low cost housing. The municipality has a license to reticulate electricity to all other developed areas. NERSA has however recently embarked on an AoS (Area of Supply) GIS confirmation project, the guidelines of which were never discussed with Municipalities. Because Witzenberg is of the opinion that the proposed NERSA process is potentially detrimental to the Municipality, Council has decided to not support the process. A letter of objection was sent to NERSA, but since there was no response the matter has been forwarded to SALGA for intervention.

All qualifying and identified indigent households receive free basic water and electricity as per national government policy. However, servicing informal settlements with electricity is a continuous struggle.

The Electricity Master Plan for Ceres, Wolseley and Tulbagh has recently been completed and is thus up-to-date. It also included a condition assessment of the major network components, information that will be considered critical when determining future budget requirements.

Local government plays an integral role in the provision of electricity. Section 153 of the Constitution, places the responsibility on municipalities to ensure the provision of services to communities in a sustainable manner for economic and social support.

### 3.4.2 Highlights

Highlights	Description
Council adopted Illegal Connection Strategy	Once the process of implementation is achieved it will result in both a safer community and reduction in losses
Electrical network – Vredebes	Completion of 322 connections to the RDP housing project
Upgrading of Nduli network (Additional transformers [mini-sub] and feeders)	Reduction of nuisance tripping
Upgrading of Vos street - streetlights	Improved safety of the roads and community

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Highlights	Description
Refurbishment of section of Eselfontein overhead line	Improved reliability of the network in the area
New Large consumer established in Wolseley	Food processing plant – 500kVA mini-sub supply
Application for Increase of NMD (Notified Maximum Demand)	Applied for Eskom increased our NMD at Tulbagh and Wolseley for 1MVA and 0,7MVA respectively, which helps at the short term to supply in the high demand for electricity.

## 3.4.3 Challenges

Challenges	Description
Eskom unable to increase Notified Maximum Demand	Regular interactions with Eskom to speed up their bulk upgrades. Renewable energy policy approved by Council to assist with the demand shortage. Eskom commenced with their EIA process for the bulk upgrades to take place.
Availability of vehicles	An aging fleet results in some vehicles spending extended periods in the workshop. Spares availability and reliability is an added extenuating challenge
Filling of vacant posts	Some posts remain vacant for extended periods before filling, but this is currently being addressed
Aging Electrical Network	Much of the existing electrical network exceeds its useful life and is even considered hazardous to operate in some instances. The new Master plan will assist in identifying the hazardous equipment.
Recapitalization of the Electrical Network	Available funding to replace aging equipment is always a challenge within the Municipal environment, but with heightened awareness, this will be addressed
Network protection settings	Settings and protection grading needs serious attention as unnecessary outages are being experienced at the moment

Major Towns	Notified Maximum Demand (NMD)	Maximum Demand Growth (NMD)	Maximum Demand Peak (NMD)
Ceres	36,5MVA (Additional 5 MVA applied for May 2019)	+2.9	36.33 MVA
Wolseley	4.5 (Additional 0,7 MVA applied for)	+0.1	4.43 MVA
Tulbagh	4.5 (Additional 1 MVA received May 2019)	+0.96	4.03 MVA

The energy losses for the 2017/18 financial year were 9,85%. The losses increased to 10,5% in 2018/19, with illegal connections the major contributing factor for the increase.. Management processes are, however, on-going to reduce the rate of losses.

## 3.4.4 Electricity Service Delivery Levels

Description	2016/17	2017/18	2018/19
	Actual	Actual	Actual
<b>Household</b>			
<b><u>Energy:</u> (above minimum level)</b>			
Electricity (at least minimum service level - accounts)	2 366	1 831	2 353
Electricity - prepaid (minimum service level)	10 177	10 419	10 525
<b>Minimum Service Level and Above Sub-total</b>	<b>12 543</b>	<b>12 250</b>	<b>12 878</b>
<b>Minimum Service Level and Above Percentage</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b><u>Energy:</u> (below minimum level)</b>			
Electricity (< minimum service level)	0	0	0



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Description	2016/17	2017/18	2018/19
	Actual	Actual	Actual
<b>Household</b>			
Electricity - prepaid (< min. service level)	0	0	0
Other energy sources	0	0	0
<b>Below Minimum Service Level Sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Below Minimum Service Level Percentage</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>Total number of households (formal and informal)</b>	<b>12 543</b>	<b>12 250</b>	<b>12 878</b>
*The below minimum service level cannot be determined as the number of pre-paid meters installed in informal areas is unknown. Therefore it cannot be determined the number of households in informal areas without electricity. Dept. of Energy does not fund these connections if households are not on a formalised plot.			

## 3.4.5 Electricity Service Delivery Indicators

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2017/18	Overall Performance 2018/19		
					Target	Actual	R
FinInc19	Sustainable provision & maintenance of basic infrastructure	Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	<1%/0%	<1%	0%	
TecEI37		Decrease unaccounted electricity losses	Percentage electricity losses	10%/10%	10%	10,5%	
Reason for under-performance: Increase can be attributed mainly to the theft of electricity in the informal areas of Witzenberg.							
Corrective measures: Addressed in terms of the "Illegal Connection Strategy" that is in the process of being implemented.							
TecEI36	Provide for the needs of informal settlements through improved services	Percentage of houses in a subsidised housing project connected to the electrical network.	Percentage of completed subsidised houses connected	200/189	95%	No application received	
Note: Key Performance Indicator was adjusted as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.2 of meeting held on 27/02/2019. Motivation: The reason for the change is that the relevant department for the KPI is dependent on the Housing Department & Contractor to submit to them valid applications where electrical connections can be done. Various delays such as construction period and/or handover to beneficiaries cannot be managed by the electrical department. The KPI is therefore changed to a percentage of valid applications that should be connected.							

## 3.4.6 Electricity Service: Employees

Employees: Electricity Services			
Job Level	2017/18	2018/19	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
0 – 3	17	16	1

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Employees: Electricity Services			
Job Level	2017/18	2018/19	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
4 - 6	2	3	1
7 - 9	2	6	0
10 - 12	9	9	0
13 - 15	0	0	0
16 - 18	2	2	0
<b>Total</b>	<b>32</b>	<b>36</b>	<b>2</b>
<i>Employees and Posts numbers are as at 30 June.</i>			

## 3.4.6 Electricity Service: Capital Expenditure

Capital Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
MV Substation Equipment	1 500 000	800 000	796 947	0%	796 947
Upgrade of LV Network Cables	1 400 000	1 450 000	1 362 702	(6%)	1 362 702
MV Network Equipment	1 000 000	2 480 000	2 411 158	(3%)	2 411 158
Upgrade of MV Cables	1 400 000	570 000	566 572	0%	566 572
Upgrade of Streetlights	350 000	537 000	535 336	0%	535 336
Electrical Network Housing Project	4 347 826	4 347 826	4 135 777	(5%)	4 135 777
Vredebes Streetlights	1 536 522	852 092	852 091	0%	1 536 522
Vredebes Streetlights		708 741	708 333	0%	708 333
<b>Total all</b>	<b>11 534 348</b>	<b>11 745 659</b>	<b>11 368 916</b>	<b>(3%)</b>	
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). Only major projects included above.</i>					

## 3.5 Waste Management (Collection, Disposal, Recycling & Cleaning)

### 3.5.1 Introduction

The Witzenberg Integrated Waste Management Plan is a statutory requirement of the New National Environmental Management: Waste Act 2008 (Act No. 59 of 2008) which came into effect on 1 July 2009. This Act aims to transform waste management collection and disposal to a sustainable practice focusing on waste avoidance and environmental sustainability. The primary objective of IWM planning is to integrate and optimize waste management, in order to maximise efficiency and to minimise the associated environmental impact, financial cost and to improve the quality of life of all residents within Witzenberg Municipality. Witzenberg conducts refuse removal through curb-side collection on

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a weekly basis to address 100% of the domestic waste generated. A standard collection plan was implemented where collection in each town takes place on separate days.






Witzenberg also employed temporary employees from local communities to perform cleaning services in the streets, open spaces and around waste removal skips. A service is rendered to formal and informal settlements that include:

-  A black bag and green bag system
-  Public awareness and education
-  Waste disposal (landfill sites)
-  Cleansing of streets and public toilets in Central Business Districts and skips (garden refuse)

The current waste management system in the municipality is fairly successful in the collection and disposal of municipal solid waste, however, limited effort is made to reduce the generation of waste within the municipal area.

The economic feasibility of waste recovery through recycling and composting should be carefully investigated, to reduce the relatively small amounts of waste generated by the population. The existing private recycling enterprise is successful only because it sources materials that have been separated at source and is therefore uncontaminated with wet waste.

The analyses of the current waste management system have shown the following:

-  all formal, urban residential erven are receiving a weekly door-to-door waste collection service
-  all collected municipal waste is disposed at the municipality's engineered and licensed waste disposal sites near Tulbagh and Prince Alfred Hamlet for building and green waste.
-  no significant waste recovery is performed, except for private enterprises and recycling bins in Tulbagh, Wolseley and Ceres.
-  no significant waste avoidance is conducted
-  a Solid Waste Management Master Plan has been completed.

Witzenberg Municipality currently operates three landfills. The Tulbagh landfill site is licensed as a GSB- site and receives waste from all towns in Witzenberg. The Prince Alfred Hamlet site is licensed as a GCB- operated by a private contractor appointed by the municipality for building and garden refuse. The OP Die Berg site is licenced as a G;C;B + and receives only green bags from Op Die Berg.

## 3.5.2 Highlights

Highlights	Description
New Compactor truck procured	Service all areas with collecting households refuse.
Appoint Waste Ambassadors in all wards	Do awareness and education from door to door around recycling and composting.
External audits scores.	Tulbagh site score 89% and Op Die Berg site 86% on permit conditions.
Wheelie bin system implemented at all businesses in Witzenberg	2 type of bins at businesses with 240 l and 770l.

## 3.5.3 Challenges

Challenges	Description
Waste recovery facilities (drop-offs or transfer station- Ceres) in planning phase	Separation of waste for recycling & composting
Regional Landfill Site in Worcester (Waste licence issued) – appeal.	Investigation into the costs for required infrastructure and tipping fee at gate.

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Challenges	Description
Non-compliance of landfill sites	Rehabilitation of landfill sites –budget of R72m

## 3.5.4 Waste Management - Service Delivery Levels

The table below indicates the different waste management (refuse collections, waste disposal, street cleaning and recycling) service delivery standards of the municipality:

Description	2016/17	2017/18	2018/19
	Actual	Actual	Actual
<b>Household</b>			
<b><u>Refuse removal: (above minimum level)</u></b>			
Removed at least once a week (accounts and informal households)	14 292	13 981	14 259
<b>Minimum Service Level and Above Sub-total</b>	<b>14 292</b>	<b>13 981</b>	<b>14 259</b>
<b>Minimum Service Level and Above Percentage</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b><u>Refuse removal: (below minimum level)</u></b>			
Removed less frequently than once a week	0	0	0
Using communal refuse dump	0	0	0
Using own refuse dump	0	0	0
Other rubbish disposal	0	0	0
No rubbish disposal	0	0	0
<b>Below Minimum Service Level Sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Below Minimum Service Level Percentage</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>Total number of households (formal and informal)</b>	<b>14 292</b>	<b>13 981</b>	<b>14 259</b>

## 3.5.5 Waste Management - Service Delivery Indicators

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2017/18	Overall Performance 2018/19		
					Target	Actual	R
FinInc20	Sustainable provision & maintenance of basic infrastructure	Number of outstanding valid applications for refuse collection services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	<1%/0%	<1%	0%	
TecRef31	Provide for the needs of informal settlements through improved services	Improve basic services - number of informal settlements receiving a door-to-door refuse collection and area-cleaning service	Number of informal areas	3/3	3	3	

## 3.5.6 Waste Management - Employees

Employees: Waste Management Services		
Job Level	2017/18	2018/19

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	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	6	0	0
0 – 3	59	62	10
4 – 6	2	4	1
7 – 9	12	2	2
10 – 12	1	1	0
13 – 15	0	0	0
<b>Total</b>	<b>80</b>	<b>69</b>	<b>13</b>
<i>Employees and Posts numbers are as at 30 June.</i>			

## 3.5.6 Waste Management – Capital Expenditure

Capital Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
<b>R</b>					
Vehicle Replacement	550 000	550 000	509 375	(7%)	509 375
New material recovery facility / drop off	621 180	621 180	621 180	0%	19 000 000
Op-Die-Berg Public Toilets	500 000	200 000	0	(100%)	1 200 000
<b>Total all</b>	<b>1 671 180</b>	<b>1 371 180</b>	<b>1 130 555</b>	<b>(17,5%)</b>	
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). Only major projects included above.</i>					

## 3.6 Housing

### 3.6.1 Introduction

Phase F1, Vredebes, which consists of 635 serviced plots was completed at a total value of R 35m. The 1<sup>st</sup> Phase to construct houses in Vredebes has started and 30 houses were completed by end of June 2019. The 1<sup>st</sup> phase of houses consists of 600 top structures which will be implemented by constructing 200 houses per year.

### 3.6.2 Highlights

Highlights	Description
Vredebes Housing Project: Phase F1 – 635 serviced sites	Completion of 635 services sites at a total cost of R 35m
Vredebes Housing Project: Phase 1 – 600 Top Structures	Completion of 30 top structures as part of the 200 top structures planned annually
Approval of the UISP Project for 188 sites in N'duli	Planning money made available to the amount of R500 000 by DoHS. Layout for the project has been completed

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*The construction of the 1<sup>st</sup> phase of houses as Vredebes Housing development has commenced.*

## 3.6.3 Challenges

Challenges	Description
Selling and renting of RDP houses	Beneficiaries are in desperate need for money and this is a way to generate an extra income. Sales are made illegally without houses being transferred which hampers the transfer processes because in some case the beneficiaries who received the subsidy are gone or deceased. No definite guidelines from the DoHS which must enforce the pre-emptive right
Transfer of rental stock	Outstanding debts of tenants to get rates clearance. Unforeseen documents needed by attorneys to expedite the registration process eg. registration of mother erven and lost original title deeds
Emergency housing for evictees (private and farm workers)	Emergency camp are planned as part of the Vredebes Housing Development, but no immediate solution available because of project funding for bulk infrastructure which will take $\pm$ 3 years to be completed depending on additional fund allocations
Immigration control in informal settlements. Increased illegal invasion of land in Wolseley and unfortunately we have no control because these structures are erected overnight and eviction through the court process costly and lengthy.	A response team need to be budgeted for and advertised via the tender process. Existing Community Committees needs to be co-operative. A "breakdown & monitoring team" consisting out of 8 temporary workers has been appointed to assistance the housing officials and law enforcement with controlling illegalities in the informal. A budget has been approved (2018/19) to an amount of R1 million for the services of a response team.
GAP housing opportunities need to be are increased because of household incomes rising on a yearly basis	The income band between R3 501 – R22 000 who is potential beneficiaries for GAP market do not qualify so easily for a bank loan although linked to the FLIPS subsidy because of their credit worthiness. The policy changed in 2018 to allow beneficiaries to make use of the pension funds as a warrantee to qualify for a bond or bank loan.
National Policy around persons younger than 40 years receiving houses/serviced sites	Although a National Policy, it is very difficult to implement specifically in informal areas. Policy however changed in 2016 and aged limit were lowered to 35 years the challenge stays the same because of the limited opportunities.

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## 3.6.4 Housing Service Delivery Levels

Financial Year	*Nr of households in formal dwellings	*% of households in formal dwellings	Households in informal settlements	Nr of people on housing waiting list	% Housing waiting list increase (decrease)
2014/15		86.7%	2 077	9 065	(3.75)%
2015/16			1 945	10 421	14.96%
2016/17	29 969	83.3%	2 200	10 736	3%
2017/18	27 295	86.8%	1 942	9 568	(10%)
2018/19	29 969	83.3%	2 967	9 546	0%

\* Witzenberg Socio-Economic Profile (Western Cape Government) Including rural areas

A summary of houses constructed and sites serviced under the subsidisation programme includes:

Financial year	Allocation (Budget)	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2014/15 ( Capital)	34 885	34 885	100%		470
2014/15 (Operational)	15 017	15 017	100%	42	
2015/16 (Capital)	28 930	27 449	94%		763
2015/16 ( Operational)	0	0	0%	0	
2016/17 (Capital)	7 711	7 522	98%		0
2016/17 (Operational)	24 963	24 264	97%	200	
2017/18 (Capital)	7 155 472	7 155 472	100%		In process
2017/18 (Operational)	15 573 699	12 643 351	81%	107	
2018/19 (Capital)	26 163 613	26 163 613	100%		635
2018/19 (Operational)	12 098 000	12 098 000		30	

## 3.6.5 Service Delivery Indicators: Housing

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2017/18	Overall Performance 2018/19		
					Target	Actual	R
TecDir2	Provide for the needs of informal settlements through improved services	Number of subsidised serviced sites developed	Number of serviced plots	100/101	529	526	
Reason for under-performance: The total number of serviced sites in the project was reduced due to adverse geotechnical conditions in some areas.							
Corrective measures: The decrease in number of serviced sites was only implemented after the February 2019 adjustment budget and the indicator target could there-for not be aligned. No Corrective measures are required.							
Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 27/02/2019. Motivation: The target relates to the construction of serviced sites at the Vredebes subsidised housing development Phase F1 (Project 3199.03). Project approval from the Department of Human Settlements was received on 25/01/2018 with resolution nr 18/03. The project of 635 sites is being implemented over two financial years. In 2017/18, 101 sites were reported to be completed. The target is there for adjusted to less than the remainder of the approved sites as the possibility exists that some sites may not be developed due to geotechnical constraints. The new target is however an increase to the existing target.							
ComHS14	Support the poor & vulnerable through	Number of housing opportunities provided per	Number of top structures	107/107	30	30	



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Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2017/18	Overall Performance 2018/19		
					Target	Actual	R
	programmes & policy	year					
<p>Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 27/02/2019.</p> <p>Motivation: The implementation of the project for the construction of top structures at Vredebes relates. Project nr 3199.02 for 600 houses was approved by the Department of Human Settlements on 11/05/2018. The construction of the houses will be phased over a couple of years. The delay in the implementation of the project relates mainly to the approval of housing typologies by Council as the project included different housing typologies such as walk-ups &amp; semi-attached to adhere to densification principles. After various technical meetings between Council, the community &amp; the Department of Human Settlements, the layout was approved 8/01/2019 and construction started in February 2019. The target for completed houses by end of June 2019 is therefore reduced to 30.</p>							
ComHS15	Support the poor & vulnerable through programmes & policy	Number of Rental Stock transferred	Number of properties transferred	60/39	40	40	
<p>Note: Target was revised as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.7 of meeting held on 27/02/2019.</p> <p>Motivation: The target for end of December was 20 properties to be transferred with 19 actual achieved. It is however extremely difficult to get the cooperation of beneficiaries for the signing of contracts and agreements for payment of outstanding debts to obtain rate clearance certificates. The Housing &amp; Finance departments have started with door-to-door campaigns to increase awareness and persuade beneficiaries to sign. It is however foreseen that the original target of 50 will not be achieved under the existing challenges and are therefore reduced to 40.</p>							

## 3.6.6 Employees: Housing

Employees: Housing Management Services			
Job Level	2017/18	2018/19	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	0	1	0
0 - 3	3	1	0
4 - 6	5	3	1
7 - 9	2	4	0
10 - 12	0	0	0
13 - 15	1	1	0
<b>Total</b>	<b>11</b>	<b>10</b>	<b>1</b>
<i>Employees and Posts numbers are as at 30 June.</i>			

## 3.7 Free Basic Services & Indigent Support

Witzenberg acknowledges that priority must be given to the basic needs of the community and that the social and economic development of the community is supported in an effort to provide access to the basic level of service in terms of the Constitution of South Africa, Section 151(1)(b) and 153(b).

Free basic services are provided to households with a combined monthly income of less than R3 000.

A household may apply with the relevant forms and once their application has been approved, they are entitled to free basic services for one year. If they still qualify after the year has lapsed, they need to complete the application process again.

The aim of the Indigent Policy is to ensure a sound and sustainable manner in which to provide affordable basic services to the poor through financial assistance within the legal framework of the powers and functions of the

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municipality. This is done in an effort to improve the standard of living and creating a prosperous municipality that is free from the scourge of poverty.

## THE OBJECT OF THIS POLICY IS TO:

- 🍎 Ensure a transparent, accountable and sustainable manner to assist the poor with access to basic services as defined in the policy;
- 🍎 Ensure a sustainable manner to assist the poor with the burial costs, transfer duties and to change the municipal accounts in the cases of death, legal separation, divorce, etc. when necessary; and to
- 🍎 Ensure that a fair portion of the equitable share, as provided by National Government, is spent as a contribution towards poverty alleviation.

## THE QUALIFICATION CRITERIA FOR URBAN HOUSEHOLDS IN ORDER TO RECEIVE ASSISTANCE ARE AS FOLLOWS:

- 🍎 The head of the household must be a South African citizen;
- 🍎 The household, except in the case of rural households, must receive an account from Witzenberg Municipality;
- 🍎 An application on the prescribed form must be duly completed and submitted, with the required information and signature;
- 🍎 No member of the household may own a fixed property, other than the site on which the household resides; and
- 🍎 The household's joint gross income may not exceed R3 000 per month.

## THE QUALIFICATION CRITERIA FOR OLD AGE HOMES IN ORDER TO RECEIVE ASSISTANCE ARE AS FOLLOWS:

- 🍎 More than 50% of the residents within the old age home must receive less than R3 000.00 per month.
- 🍎 The qualification criteria for electricity consumers within Witzenberg Municipality, but who reside in areas where the municipality is not the supplier of electricity, is that their connection may not exceed 20 Amps.

## BENEFITS:

- 🍎 **Property rates**  
In terms of the Property Rates Act, Act 6 of 2004, Section 17(h) all residential sites are exempt from the first R15 000 of the market value on a property. As an additional subsidy, the municipality will increase this level subsidized to R120 000.
- 🍎 **Electricity**  
A subsidy equal to the amount charged for the first 50 kWh consumed per month.
- 🍎 **Water**  
A subsidy equal to the amount charged for the first 6 kilolitres consumption per month as well as 100% subsidy on the basic charge for water, where the municipality is the service provider.
- 🍎 **Sanitation**  
A subsidy equal to 100% of the amount charged for the service per month where the municipality is the service provider.
- 🍎 **Refuse removal**  
A subsidy equal to 100% of the amount charged for the service per month where the municipality is the service provider.
- 🍎 **House rental**  
A subsidy equal to 100% of the amount charged in the case of municipal sub economical rental stock as house rental per month.
- 🍎 **Burial costs**  
A subsidy equal to 100% of the amount charged for burial cost. The subsidy can be provided in terms of every deceased member of the household.

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## Transfer costs

A subsidy equal to 100% of the amount charged for transferring the municipal service accounts, as a result of death of the head of the household. In the event of separation or divorce, the person who is residing at this plot, qualifies for the subsidy on transfer costs. This household is also exempt from making a consumer deposit or to increase the existing deposit. A subsidy equal to 100% of the costs of an attorney to transfer the property into the spouse name. This subsidy is provided as a result of death of the head of the household, whilst approved as an indigent household and the current registration is not in registered at the Deed's Office in the name of both parties. The appointment of the attorney is entirely the prerogative of the municipality.

### 3.7.1 Access to Free Basic Services

Free Basic Services To Low Income Households									
Year	Number of households								
	Total no. of HH	Households earning less than R 3 000 per month							
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse Removal	
		Access	%	Access	%	Access	%	Access	%
2015/16	14 085	4 614	33	4 614	33	4 614	33	4 614	33
2016/17	14 085	4 510	32	4 510	32	4 510	32	4 510	32
2017/18	14 391	4 591	32	4 591	32	4 591	32	4 591	32
2018/19	15 388	6 742	43	6 742	43	6 742	43	6 742	43

Rates						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Exempt Valuation	Value	No of HH	Exempt Valuation	Value
			R'000			R'000
2015/16	4 614	100 000	2 272	11 385	100 000	9 677
2016/17	4 510	100 000	2 573	11 304	100 000	9 677
2017/18	4 591	100 000	2 277	11 914	100 000	11 806
2018/19	6 742	120 000	3 600	12 875	120 000	12 746

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No of HH	Unit per HH (kwh)	Value	No of HH	Unit per HH (kwh)	Value	No of HH	Unit per HH (kwh)	Value
			R'000			R'000			R'000
2015/16	2 673	50	1 518	10 228	0	0	1 618	50	919
2016/17	2 565	50	1 526	10 493	0	0	1 458	50	828
2017/18	2 345	50	1 547	9 905	0	0	1 766	50	1 165
2018/19	3 697	50	2 606	9 626			1 851		

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Water						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Unit per HH (kl)	Value	No of HH	Unit per HH (kl)	Value
			R'000			R'000
2015/16	4 614	6	5 510	9 444	0	0
2016/17	4 510	6	5 386	9 575	0	0
2017/18	4 591	6	8 263	9 901	0	0
2018/19	6 742	6	12 669	8 646		

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No of HH	R value per HH	Value	No of HH	Unit per HH per month	Value
			R'000			R'000
2015/16	4 614	179.38	9 932	9 444	0	0
2016/17	4 510	190.14	10 290	9 575	0	0
2017/18	4 591	176.8	9 740	9 901	0	0
2018/19	6 742	187.41	15 162	8 646		

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Service per HH per week	Value	No of HH	Unit per HH per month	Value
			R'000			R'000
2015/16	4 614	1	10 936	9 444	0	0
2016/17	4 510	1	8 021	9 575	0	0
2017/18	4 591	1	7 591	9 901	0	0
2018/19	6 742	1	11 817	8 646		

## COMPONENT B: ROAD TRANSPORT

This component includes roads and storm water management.

### **3.8 Road Services**

#### **3.8.1 Introduction**

The Witzenberg Local Integrated Transport Plan (LITP) was prepared as part of the review of the Cape Winelands District Integrated Transport Plan (DITP) 2016- 2021.

As per Section 36 of the National Land Transport Act (Act 5 of 2009) all planning authorities must prepare an Integrated Transport Plan for their area for a five year period. These ITPs need to be overhauled every five years and updated annually. The Integrated Transport Plans for the Cape Winelands District have been prepared to meet the minimum requirements for preparing an Integrated Transport Plan as published by the Department of Transport. Witzenberg Municipality has been classified as a level 3 planning authority and is therefore required in terms of the National Land Transport Act to prepare a LITP.

#### Transport Status Quo

Witzenberg Municipality has a total population of approximately 115 000 persons with an economic growth rate of 2.64%. The primary economic activities which take place in the agricultural sector and are subject to seasonal changes. Witzenberg Municipality has a number of public transport services operating within municipal area. The most used mode of transportation is the minibus taxi. Other modes used in Witzenberg are rail, non-motorised transport and private vehicles. Witzenberg Municipality also experiences high volumes of freight transport travelling through the municipality. At present, the municipality has both formal and informal public transport facilities of which some formal facilities are currently not utilised by public transport operators. Witzenberg Municipality has three minibus taxi associations operating within the area; the Ceres Taxi Association, the Nduli Taxi Association and the Tulbagh Taxi Association.

The transport needs of Witzenberg are similar to those of its neighbouring municipalities. The primary issue in Witzenberg are that there is a limited public transport service during off peak periods, forcing people to wait for long periods of time before being able to travel. The safety of passengers and pedestrians as well as the affordability of taxi services are also issues impeding transportation. The municipal transport budget for Witzenberg indicates that there is approximately R8 million allocated toward transport related improvements. The budget mainly focuses on roads improvements in residential areas within the municipality.

#### Road network and traffic

The road network in Witzenberg Municipality consists of provincial roads, owned and managed by the provincial road authority, which is the PGWC. Apart from the provincial roads, which are also known as the rural road network, the upgrade and maintenance of the local street network is the responsibility of the local authority. Condition of the road surface indicated that 66% of the surfacing is in good or very good condition. The corresponding value for road structure is 79%. If road surface conditions deteriorate too much, the road structure will be adversely affected. Therefore, upkeep to protection of the structure through regular maintenance is very important. Fruit and vegetables are brought from various farms around Wolseley, from Op-die Berg and Tulbagh to the factory in Ceres to be packed. This creates an inflow of heavy vehicles to Ceres. From Wolseley and Tulbagh, heavy vehicles travel to Ceres via the Mitchell's Pass.





The Pass has a high quality surface, able to withstand high volumes of traffic. In contrast, the proclaimed road through Ceres is of a different standard and must accommodate the same high volume of heavy vehicles. In the urban streets

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of Ceres, special NMT signage restricts heavy vehicles from entering the urban areas. A Pavement Management System (PMS) is used for maintaining the roads in the area through an assessment of the network based on methodical visual ratings of each pavement section. The priorities is divided into routine maintenance (e.g. patching), to normal maintenance (resurfacing) through to heavy rehabilitation (e.g. thick overlays and reconstruction). This is supported by visual inspections which are performed according to a schedule and data is recorded and prioritised for implementation. Limited and funding backlogs are the greatest challenge faced in maintaining the road network.

## Roads Master Planning

Currently the Municipality does not have Roads masterplans. The Department of Local Government and the Development Bank of South Africa (DBSA) through a partnership agreement has granted planning support to the Municipality for the development of Roads Master Plans. The purpose of the Roads Master Plan is to compile an implementation strategy, with goals and objectives, which will be followed by a Business Plan detailing the objectives in such a way that clear direction is given to implementation of the recommendations on priority projects.

-  The Master Plan will include the evaluation and analysis of existing documents, the determination of existing backlogs, current demands and capacity.
-  It will include a funding model and a programme for the implementation of all the projects identified and prioritized.
-  It will evaluate the long-term viability of existing infrastructure to cope with expansion and augmentation, and to identify new infrastructure required, and to propose time lines regarding when such infrastructure will be required.
-  The assessments will address the primary and secondary networks, and the primary and secondary equipment needed to deliver a reliable, safe and affordable service to all existing and future consumers within the area.

## 3.8.2 Highlights

Highlights	Description
Vredebes, Ceres: New Access Collector, Storm water & Sidewalks Ph2	Class 3 road from intersection with TR22/2 up the access to Phase 1 of the Vredebes development; Sidewalks on both sides of the road; Associated storm water along the proposed road; 492 meters.
Vredebes Phase F1 Roads and Storm water	Internal road network with a total length of 4285 meters with associated storm water.
Reconstruction of Piet Retief Street, Tulbagh	Piet Retief street is flanked by numerous residential housing and some commercial buildings, as well as the Magistrates Court, SAPS and Tulbagh high School in the east. The length of road reconstructed was 598 meters from Waveren Street to Rossouw Street.
Traffic calming measures	Constructed 15 speed-humps in Witzenberg

## 3.8.3 Challenges

Challenges	Description
Funding backlogs on bituminous pavements	Pavement Management System 2010, all bituminous pavements, resealing and upgrading of roads backlogs amount to R52 million
Deteriorated Tulbagh roads	4.35km Deteriorated roads needs to be upgraded
Roads master plan	No roads master plans makes proper development planning difficult, also evaluation of new town planning applications
Upgrading needs on provincial roads, TR22/2 as a result of new developments	No funding or assistance from Department of Transport and Public Works
Upgrading needs for public transport infrastructure	No funding for proposals from Transport Assessment Plans

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## 3.8.4 Service delivery levels: New roads & maintenance of existing roads

The following tables give an overview of the total kilometres of roads maintained and new roads tarred:

Tarred/paved roads:

Financial year	Total km tarred roads	Km of new tar & paved roads	Km existing tar roads re-tarred	Km of existing tar roads re-sheeted	Km tar roads maintained
2014/15	216.76	3.119	2.377	0.88	213.64
2015/16	222.43	5.67	8.22	0	216.76
2016/17	222.43	0	1.58	2.63	222.43
2017/18	222.66	0.235	1.00	0	222.26
2018/19	227.43	4.77	1.818	0.605	222.66

Gravel roads:

Financial year	Total km gravel roads	Km new gravel roads constructed	Km gravel roads upgraded to tar / block paving	Km gravel roads graded/maintained
2014/15	10.31	0	0.19	10.50
2015/16	10.50	0	0	10.50
2016/17	10.50	0	0	10.50
2017/18	10.50	0	0	10.50
2018/19	10.50	0	0	10.50

The table below shows the costs involved for the maintenance and construction of roads within the municipal area:

Financial year	New & Replacements	Resealed	Maintained
	R'000	R'000	R'000
2014/15	12 684	2 029	3 541
2015/16	6 121	5 753	5 780
2016/17	16 806	7 698	7 804
2017/18	8 102	3 109	8 007
2018/19	32 114	105	5 990

## 3.8.5 Service Delivery Indicators: Road Services

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2017/18	Overall Performance 2018/19		
					Target	Actual	R
TecRo7	Sustainable provision & maintenance of basic infrastructure	Kilometres of roads upgraded & rehabilitated	Kilometres of roads	3 / 4.4	3	7,3	
Currently Witzenberg Municipality make use of an out-dated Pavement Management system to indicate road resurfacing priorities. The update of the PMS							



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Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2017/18	Overall Performance 2018/19		
					Target	Actual	R
is still on process. During the year, with the help of inspections, it came to the attention that certain road sections required immediate resealing due to their poor condition. The municipality undertook an in-house slurry surfacing project to address these issues, and this being the reason the target was over achieved							

## 3.8.6 Employees: Roads & Storm water

Employees: Roads & Storm water Services			
Job Level	2017/18	2018/19	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	4	0	0
0 – 3	17	13	3
4 – 6	8	9	2
7 – 9	4	4	2
10 - 12	3	7	1
13 - 15	0	2	0
16 - 18	1	1	0
<b>Total</b>	<b>38</b>	<b>36</b>	<b>8</b>
<i>Employees and Posts numbers are as at 30 June.</i>			

## 3.8.7 Capital Expenditure: Roads & Storm water

Capital Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Vredebes Housing Internal Roads	5 406 079	8 163 613	8 163 613	0%	9 500 000
Rehabilitation Streets - Tulbagh	9 000 000	11 172 543	11 152 044	0%	12 500 000
Vredebes Access Collector Phase 1	9 130 434	10 360 611	10 360 611	0%	12 000 000
Vehicle replacement	1 000 000	1 000 000	991 000	(1%)	991 000
Upgrade Van Breda bridge	1 842 609	2 303 261	2 241 660	(2,7%)	24 000 000
Vredebes Housing Internal Storm water	2 648 866	4 000 000	4 000 000	0%	6 000 000
Vredebes Bulk storm water channel	8 034 782	8 088 039	8 088 003	0%	11 000 000
Network storm water	300 000	300 000	300 000	0%	300 000
<b>Total all</b>	<b>37 362 770</b>	<b>45 388 067</b>	<b>45 296 931</b>	<b>0%</b>	

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Capital Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). Only major projects included above.</i>					





## 3.9 Waste Water (Storm Water Drainage)

### 3.9.1 Introduction

Currently the Municipality only have Storm water masterplans for Prince Alfred's Hamlet and Tulbagh.

The Department of Local Government and the Development Bank of South Africa (DBSA) through a partnership agreement has granted planning support to the Municipality for the development Storm Water Master Plans for all areas.

The purpose of the Storm Water Master Plan is to compile an implementation strategy, with goals and objectives, which will be followed by a Business Plan detailing the objectives in such a way that clear direction is given to implementation of the recommendations on priority projects.

-  The Master Plan will include the evaluation and analysis of existing documents, the determination of existing backlogs, current demands and capacity.
-  It will include a funding model and a programme for the implementation of all the projects identified and prioritized.
-  It will evaluate the long-term viability of existing infrastructure to cope with expansion and augmentation, and to identify new infrastructure required, and to propose time lines regarding when such infrastructure will be required.
-  The assessments will address the primary and secondary networks, and the primary and secondary equipment needed to deliver a reliable, safe and affordable service to all existing and future consumers within the area.

The municipality also have maintenance plans for these areas through scheduled inspections and prioritisation for implementation. Cleaning of infrastructure is done in accordance with a scheduled programme.

### 3.9.2 Highlights

Highlights	Description
Development of Storm water Master Plans for all areas.	The Department of Local Government and the Development Bank of South Africa (DBSA) through a partnership agreement has granted planning support to the Municipality for the development Storm Water Master Plans for all areas

### 3.9.3 Challenges

Challenges	Description
Wolseley Montana Channel upgrade	No funding for portal culverts that has an enormous financial implication
Vandalism storm water drainage	Covers being stolen and sold at scrap metal yards.

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Challenges	Description
Trees damage storm water pipes/sidewalks and roads	Trees with aggressive root systems
Storm water blockages	Manholes/catch pits being used as dirt dumping places

### 3.9.4 Service Delivery Levels: Infrastructure & cost of construction/maintenance

#### Storm water infrastructure

The table below shows the total kilometres of storm water maintained and upgraded as well as the kilometres of new storm water pipes installed:

Financial year	Total km storm water measures	Km new storm water measures	Km storm water measures upgraded	Km storm water measures maintained
2014/15	139.00	0.97	0	138.03
2015/16	139.83	0.83	0	139.00
2016/17	139.83	0	0	139.83
2017/18	139.83	0	0	139.83
2018/19	139.83	4.95	0	139.83

#### Cost of construction maintenance:

The table below indicates the amount of money spend on storm water projects:

Financial year	Storm water measures	
	Capital	Maintained
	R'000	R'000
2014/15	3 626	1 227
2015/16	9 662	952
2016/17	0	1 359
2017/18	2 008	1 834
2018/19	11 350	1 532

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## COMPONENT C: PLANNING & DEVELOPMENT

Witzenberg Municipality does not have a single department that includes all strategic services. The LED section is managed by the Social & Economic Development section that is situated in the directorate for Community Services. The IDP, Internal Audit and Organisational Performance sections report to the Municipal Manager. Tourism and marketing are situated in the directorate for Corporate Services. Building control, town planning, spatial planning and GIS falls under the section Town Planning & Building Control situated in the directorate for Technical Services.

### 3.10 Planning

#### 3.10.1 Introduction

In June 2017, the Witzenberg Spatial Development Framework (WSDF) was approved as part of the IDP in terms of section 34 of the MSA. The WSDF will guide the spatial form and structure of Witzenberg (the way in which we use the space available for urban growth) in the future. This 5 year plan will enable Witzenberg to manage new growth and change in its area, to ensure sustainability and equitability. The objectives of the WSDF are to:

-  Give spatial effect to the provisions of the Witzenberg IDP and guide implementation of its anchor projects.
-  Provide guidance to public and private infrastructure investment in the municipality, taking cognisance of the growth and development potential of the various settlements in the municipality.
-  Spatially co-ordinate and direct the activities and resources of the municipality.
-  Describing the existing and desired future spatial patterns that provide for integrated, efficient and sustainable settlements in the municipality.
-  Guiding the investment of public resources (capital) through the following:
  -  Providing a credible context for public investments
  -  Promoting equitable development of areas that have lagged behind.
  -  Providing certainty to all stakeholders regarding spatial and socio-economic implications of future development in the municipality.
-  Providing a basis for coordinated decision-making and policy-formulation regarding future land-use.

The table below sets out the main elements of Witzenberg planning strategies:

Strategy	Description
Industry	Enhance the use of Ceres as an agri-industrial hub and portal to the export markets situated in the City of Cape Town
Tourism	Promote development of tourism-related amenities and activities along the main routes through the Municipality
Major routes	Ensure the upkeep of the R43, R46, R303 and R355 as major economic transport routes and scenic routes
Land use management	Ensure that changes in land-use maintain the integrity, authenticity and accessibility of significant cultural landscapes. Contain urban sprawl and restrict urban development to within designated urban edge. Integrate low-cost housing within the urban area to combat urban sprawl and reduce negative visual impact on the cultural landscapes
Agriculture	Encourage local processing of farm products and the provision of local farm services to enhance the rural economy, increase the viability of agricultural production and reduce rural poverty
Social housing	Improve the quality of subsidised housing settlements through innovative urban planning and design. Such settlements should include areas suitable for informal and formal public activities such as streets, boulevards and squares should be created in well located highly accessible spaces in urban settlements

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## 3.10.2 Highlights

Highlights	Description
Re-drafting of the SDF as core component of the IDP	<p>In terms of the Systems Act SDF is a core component of the IDP and adheres to the same planning cycle as the IDP.</p> <p>Municipality adopted its '4th generation' IDP's that will span the 5 year period beginning on 1 July 2017 and ending on 30 June 2022.</p> <p>Certain changes in legislative and policy requirements necessitates that the SDF needs re-drafting.</p> <p>Process to re-draft the SDF initiated during April 2019 with envisaged completion date April 2020.</p>

## 3.10.3 Synthesis of Key Spatial Challenges

### Biophysical Environment

The fertile soils of the WM have given rise to the progressive agricultural sector that drives the municipality's economy. These agricultural land patterns are distributed between the settlements and found in the valleys. Options to expand the agricultural sector horizontally are limited by the mountain ranges that enclose the current agricultural landscapes.

The integrity of the Cape Floristic Kingdom is threatened by fragmentation and degradation of the land. Upgrading of settlements and infrastructure are in an important consideration in to relieving pressure off of the natural vegetation that surrounds the sensitive environments. As such the use of centralised land plays an important role preventing urban expansion into the protected areas, and decreasing the erosion of agricultural and natural assets.

### Socio-Economic Environment

The upgrading and extension of basic services for poorer citizens remains a priority. With the Department of Human Settlements plan to provide social housing, there is a need to link this roll out with the provision of bulk service infrastructure. Given the backlog in the maintenance of infrastructure and servicing existing residents, Witzenberg Municipality is challenged in meeting the current demand for services. With the infrastructure budget declining in future periods, an urban structure and form which minimizes municipal servicing and maintenance cost is critical. The dispersed settlement patterns have proven low mobility between the various towns, especially to Ceres.

The growth of the informal economy and local economic development opportunities remain as the only means to ensure livelihoods to poorer citizens within the municipality. This is expected to continue with the economic sectors accommodating unskilled workers (especially those in the manufacturing and agriculture sectors) that show slow growth. The potential to enhance development nodes within town centres is limited by the dispersed provision and mono-functional use of social services and amenities.

The approved and in progress development of Vredebes and settlement improvement in Nduli, will require spatial interventions to improve access to social facilities and employment opportunities.

There is an increased need for a stimulation of economic opportunities. Land use and management requires an intervention that would welcome new businesses and/or industries to increase the revenue base of the municipality and to assist in reducing unemployment.

Establishment of farming opportunities for existing small scale livestock farmers.

### Built Environment

There is an increased need for improved transport linkages within the municipality, to strengthen the linkages between settlements. There is a need for pedestrian routes within the Ceres, Bella Vista and Nduli town cluster.

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Bulk water infrastructure upgrades and improvement is required for the provision of future housing developments as per the Department of Human Settlements plan.



## Institutional Context

The municipal budget is relatively small considering the depth, range and variability of citizen needs, specifically in relation to the needs of poorer citizens. The municipality does not have the funds to fundamentally reverse backlogs or negative trends in shelter or infrastructure needs.

Significant partnering between the municipality and the private sector is required to address current needs, and in the restructuring of settlement patterns. This is especially the case in spatial linkages between Bella Vista and Ceres main town, and between Nduli and Ceres main town.

Sector planning remains fragmented, especially in relation to spatial and transport planning.

### 3.10.4 Service Delivery Statistics

Type of service	2015/16	2016/17	2017/18	2018/19
<b>Town Planning and Building Control</b>				
Building plan applications processed	282	574	279	455
Total surface (m <sup>2</sup> )	55 624m <sup>2</sup>	74 386m <sup>2</sup>	42 818m <sup>2</sup>	58 318m <sup>2</sup>
Approximate value	R193 590 378	R 188 058 508	R 182 232 666	*R 3 232 931 532
New residential dwellings	21	318 (Due to subsidized housing project)	50	167
Residential extensions	94	96	77	87
New Business buildings	3	2	3	1
Business extensions	6	9	10	1
Rural applications	47	56	45	73
Land use applications processed	27	33	34	31

\*Drastic increase due to submission of building plans for Paardekraal Windfarm to a value of R3b.

### 3.10.5 Employees: Town Planning & Building Control

<b>Employees: Town Planning &amp; Building Control</b>			
<b>Job Level</b>	<b>2017/18</b>	<b>2018/19</b>	
	<b>Employees</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>
7 - 9	1	0	1
10 - 12	3	4	1
13 - 15	1	1	0
16 - 18	1	1	0
<b>Total</b>	<b>6</b>	<b>6</b>	<b>2</b>
<i>Employees and Posts numbers are as at 30 June.</i>			

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## 3.11 Local Economic Development

The table below gives a brief description of all the achievements within Local Economic Development (LED) during the 2018/19 financial year:

Achievement/Highlight	Description
Council approved a five year lease agreement for a Honeybee co-operative	Assisted with application process of co-operative, which included co-operative training and facilitation of private sector partnership
Linked 22 smme's with SEDA basic business training	Training comprised of the basics of entrepreneurship and the important aspects to consider in managing a business. The objective was to introduce the participants to the essential concepts and for them to apply these in their respective businesses.
Seven local entrepreneurs received seed fund from Cape Winelands municipality	The aim of the seed fund is to support local entrepreneurs to grow and develop by providing them with resources and a mentorship Program.
Arranged a SARS tax workshop for 22 SMME's	The following aspects were discussed: Different business registrations, Employees tax incentives, Small Business Corporation Incentive and Tax Clearance.
Linked four smme's successfully on the Central Supplier Database	<ul style="list-style-type: none"> <li>To assist smme's to be compliant with government procurement processes</li> <li>Link smme's with provincial and national tenders to enable them to have better access to government tenders</li> </ul>
Successful SMME Indaba on 1 December 2018	Provided opportunity for 12 SMME's to exhibit their products at a Prince Alfred's Hamlet festival in Witzenberg. The SMME Indaba created a good platform for smme's to market their businesses and to sell their products. Presentations from businesses were conducted to inspire the attendees regarding their business operations. A total of 214 people visited the SMME indaba tent.
Created opportunity for the community to sell products at stalls at Witzenberg Kersmark	Provided opportunity for 59 people to sell and trade at the annual Witzenberg Kersmark
Successful future scenario workshops that were done by the Centre of Excellence (in association with UCT)	The aim of the future scenario workshops is to contribute in regards to food security for Witzenberg. Attended by various private and public sector representatives
Successful quarterly Integrated Steering committee meetings	Local government and government departments have engagements to liaise and partner in projects
Linked 19 SMME's with basic business training facilitated by Seda	The following aspects were discussed: Basics of entrepreneurship, Setting up and managing your business, Challenges, Action plan
Fourteen local entrepreneurs completed the business learnership (New Venture creation) that was facilitated by Trioplus Development	A certificate ceremony was held on 17 April 2019 at the Ceres Town Hall and was attended by Witzenberg municipality, Trioplus Development, the participants and CBI. After-programme assistance were given for ongoing support.
Linked SMME's with Seda business consultations	Seda visited the area once a month to give business support to local entrepreneurs
Three entrepreneurs and two small farmers have been approved for seed fund	The Seedfund proposal information were distributed to SMME's in Witzenberg Municipality. The purpose of the funds is to grow and develop emerging small businesses
Arranged Supplier registration sessions 2019 with new and established entrepreneurs, as well as 5 youth of a Youth placement Programme	Provided supplier registration information to SMME's in order to successfully register on the supplychain database in order to access opportunities with local government
Implemented Business Process Assessment	The programme is about red tape reduction and how municipal services that



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Achievement/Highlight	Description
Project with DEDAT	have an effect on investment and business can be simplified and fine- tuned in order to attract investment, improve government to business interaction and improving business related service processes and legislation. Process analysis was conducted on Supplychain database registration & Building control process.
1 SMME that was linked with corporate funding opportunity was successful with application	Linked several SMME's with corporate funding programme; assisted with online application process. (SAB Tholoana Enterprise Programme)
Successful pilot for Witzenberg Pop-Up dining with the locals initiative at Ceres Half Marathon.	The concept is to present home-made traditional and cultural food, with a long table to be present to create a dining atmosphere. The event was branded during the Marathon in order for visitors to become aware of this initiative.
Assisted SMME's in applying online for funding applications	Arranged with local E-centre for SMME's to apply for funding via electronic platform. Included assistance given with the online application. This is conducted as soon as funding opportunities are available that entail electronic platform (web-based) applications.
Initiated construction of first Witzenberg SMME Hub in Prince Alfred's Hamlet	Entail development of 7 rental light industry business units for SMME's

The table below gives a brief description of all the challenges within Local Economic Development (LED) during the 2018/19 financial year:

Description	Actions to address
Insufficient office resources and unstable office location	Provision of a stable office environment and sufficient resources
Lack of sufficient funding for led projects	To make provision for sufficient funding to ensure sustainability of projects
Internal departments working in silos	Address the issue of effective communication and promote transversal LED

The LED Strategy along with the LED process plan is in the process of being implemented. Witzenberg Municipality has an established LED Forum comprising of a diverse membership from various sectors of society. The LED Strategy is built upon commitment to develop a climate in which economic development and economic growth can prosper. The LED Strategy for the next financial year (2018/19) has been reviewed and is ready to be implemented.

The LED Strategy identifies various issues and strategic areas for intervention such as (3 top service delivery priorities):

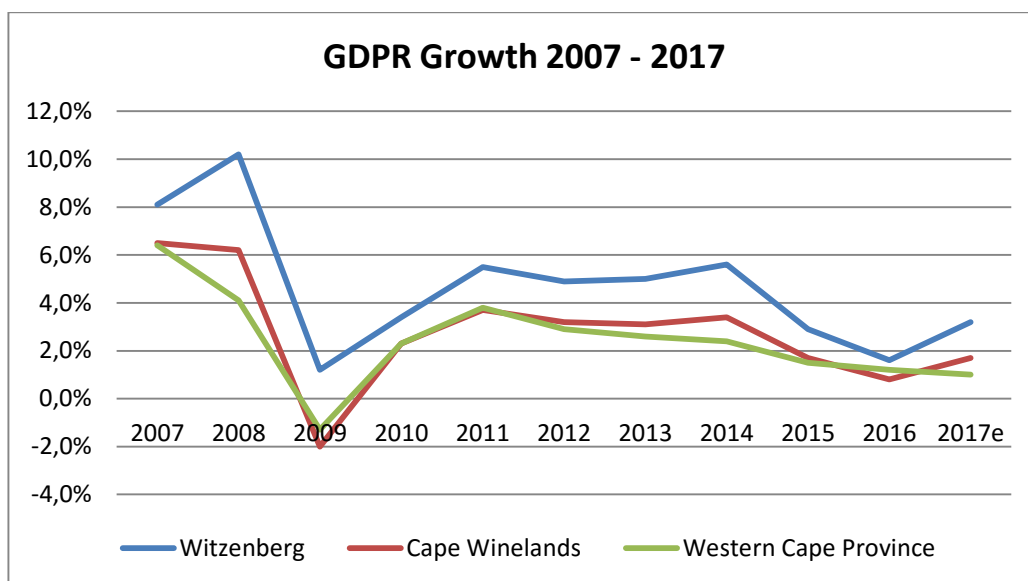
Strategic areas	Description
Creating an enabling business environment	Review the institutional framework
Addressing the key development challenges	Reviewing the LED Strategy
Creating sustainable job opportunities	Implementing skills development programmes and capacitating entrepreneurs with business skills. Assisting SMME's with access to private sector supply chain opportunities and financial support

## 3.11.1 Economic Activity

Economic growth in the Witzenberg municipal area has been relatively volatile due to its small base and reliance on the agriculture sector which is influenced by national trends and climatic conditions, especially the drought period 2014 to 2017. It is estimated that the economy grew by 3.2 per cent in 2017, which follows the low growth of 1.6 per cent in

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2016. The estimated growth in 2017 is mainly due to the boost from the agriculture sector. Despite the local drought, national conditions for this sector were very positive (17.7 per cent) (Quantec Research, 2018), which also influenced sectors on a local level.



Source: Quantec Research, 2018 (e denotes estimate)

## 3.11.2 LED Initiatives

During 2018/19, 502 work opportunities were created via the Community Works Programme (CWP).

There are 4 different sectors that comprise the CWP projects in Witzenberg:

- 🍷 social
- 🍷 education
- 🍷 local government
- 🍷 environment

The projects within these sectors include:

- 🍷 Early childhood development crèche assistance
- 🍷 NGO support (which include: women group assistance, nutritional support, HIV support, disabled support)
- 🍷 school support (which include: food scheme, site cleaning)
- 🍷 street cleaning (which include river banks cleaning)

The CWP provide beneficiaries with nutrition and facilitate the training and the experience necessary for market entry, which includes:

- 🍷 health and safety;
- 🍷 waste management;
- 🍷 food garden; and
- 🍷 financial training

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## 3.11.3 LED Statistics

Additional statistics on LED:

Type of service	2015/16	2016/17	2017/18	2018/19
Small businesses assisted	110	150	210	150
SMME's trained	150	170	175	70
Community members trained for tourism	0	39	18	7
Local artisans and crafters assisted	1	3	1	3

Job creation through the Extended Public Works Programme (EPWP) projects		
Details	EPWP Projects	Jobs created through EPWP projects
2014/15	35	351
2015/16	40	427
2016/17	32	398
2017/18	37	403
2018/19	34	397

## 3.11.4 Service Delivery Indicators: LED

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2017/18	Overall Performance 2017/18		
					Target	Actual	R
Com Led4	Create an enabling environment to attract investment & support local economy	Quarterly report on the implementation of strategies & planned actions as identified in the Witzenberg LED Strategy.	4 Quarterly reports	New	4 Reports	4 Reports	

## 3.12 Tourism

### 3.12.1 Aim & Function of the Tourism Sector

Witzenberg Municipality has a service level agreement with one local tourism entity operating in all five towns, which conduct marketing of the municipal area and local established businesses to draw investment and trade to the area. Local businesses join as members of the local tourism authorities to participate in the marketing initiative. Membership to this organisation holds businesses accountable to ethical norms and standards for the industry as well as to a code of conduct. Tourism aims to market Witzenberg Municipality as an affordable holiday destination with activities for the entire family. Tourism liaises with District, Provincial and National stakeholders to develop the brand through tourist attraction, awareness campaigns, road-shows, expos, events and festivals. Tourism also aims to train and skill local entrepreneurs to meet tourism-related demands and provide requisite services and products to promote local trade and economic development.

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## 3.12.2 Training & Development

Tourism runs educational packages with schools, front of house staff and local stores to promote clientele service. Tourism also sources training courses in areas such as first aid, communication, administration and hospitality to help local businesses improve output and skill levels in collaboration with various stakeholders. With regards to a route development initiative by the Witzenberg Municipality, Tourism will provide marketing support to promote the route to ensure that areas of alternative and lifestyle tourism are expanded, to include rural, agricultural and township locations.

## 3.12.3 Destination Marketing

Tourism will continue producing tear off maps that are distributed to points of sale with high traffic thoroughfare, providing location and contact details of local tourist attractions. They have also produced and will continue updating a joint brochure called the Witzenberg Meander, covering activities across the municipality. Tourism bureaus for Wolseley, Ceres and Tulbagh have also created their own brochures with niche marketing of their towns and, with social media promotion through Facebook and website. For more details visit [www.visitwitzenberg.co.za](http://www.visitwitzenberg.co.za). Tourism has been successful in marketing the destination as an affordable and picturesque location for weddings, snow tourism, heritage tourism, agri-tourism, wine tourism, adventure tourism, cultural tourism, sports tourism and rural tourism to visitors within South Africa. Tourism also conducts on an ad hoc basis, educational visits to the areas to tourism authorities outside of our borders as well as journalists, media groups and bloggers to review and publicise our activities and services.

## 3.12.4 Tourism Awareness/events

Annual events taking place in the Witzenberg municipal region:

Annual Event	Date
Ramkies Farmer's Market – Soetes en Sop	21 July 2018
Wolseley MTB Challenge	11 August 2018
Michell's Pass Half Marathon	15 September 2018
Tulbagh Horse & Flower Show	26-29 September 2018
Tulbagh Arts Festival	28 September 2018
Eselfontein Outdoor Festival	12-14 October 2018
Gydo Christmas Light Festival	23-24 November 2018
Ceres Cherry Route Fair	24-25 November 2018
Hamlet Arts & Culture Festival	30 Nov – 1 Dec 2018
Witzenville Faire Tulbagh	7 December 2018
Witzenberg Christmas Market	December 2018
AfrikaBurn	29 April – 5 May 2019
Tulbagh Vintage & Vine Faire	25 May 2019
Christmas in Winter	22-23 June 2019

## 3.12.5 Challenges to Tourism

Witzenberg Municipality and Tourism do not have the autonomy, budget or infrastructure to roll-out Wi-Fi across the entire municipal area. Whilst some visitors seek out areas of limited coverage, most visitors have the expectation that

Wi-Fi is easily accessible and is available free of charge. Not all local businesses are registered with Tourism and thus are not accountable to their code of conduct or service standards. Most establishments and services are not user-friendly to travellers with special needs, i.e. sight impaired, mobility limited, speech impairment, communication specialists (sign language, isiXhosa, German, etc). Many establishments and services do not cater for multi-generational needs of visitors i.e. infants (cribs, feeding chairs, baby monitor, walking rings etc), teenagers (DSTV access, cell phone chargers, cellular airtime vouchers, video games and consoles), the aged (wheel chairs, zimmer frames, magnifying glasses, large print menus/bibles etc). Witzenberg Municipality does not have a formal tourism corridor through the township sectors of the municipal area. The financial support provided to Tourism contributes largely to the salaries of staffing and is thus is not fully focused on the areas of tourism development, promotion and destination marketing.

### **3.12.6 Opportunities for Tourism**

A key action towards tourism growth and integration will be finalising the route development; aimed at job creation, social inclusion and strategic partnerships with tourism industry partners. This will formalize tourism corridors for travellers to experience a holistic tour of the region, ensuring a balance of revenue spend, exposure to rural and urban settings, demographic engagement and diversification of tourism involvement. This will further aid the municipality in realizing its aims towards social cohesion and poverty eradication. The themes projected for these routes will be heritage/culture/nature and agriculture/fruit/nature.

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## COMPONENT D: COMMUNITY & SOCIAL SERVICES

### 3.13 Libraries & Community Facilities

Libraries are managed by the section, Library Services, located in the directorate of Community Services. All towns have a library, with mini libraries at Op-die-Berg, Laastedrif and Agter Witzenberg.

#### 3.13.1 Service Statistics - Libraries

Type of service	2016/17	2017/18	2018/19
<b>Libraries</b>			
<b>Number of Libraries</b>	9 and 2 mini libraries	9 and 2 mini libraries	9 and 3 mini libraries
<b>Library members</b>	25 440	26 764	29 158
<b>Books circulated</b>	208 476	213 167	313 145
<b>Exhibitions held</b>	231	252	251
<b>Internet access points</b>	34	34	40
<b>New library service points or Wheelie Wagons</b>	0	1	1
<b>Children programmes</b>	110	120	124
<b>Visits by school groups</b>	768	870	566
<b>Community Facilities</b>			
<b>Number of Community Facilities – Community- and Town Halls</b>	12	12	12

#### 3.13.2 Employees – Libraries & Community Facilities

<b>Employees: Libraries and Community facilities</b>			
<b>Job Level</b>	<b>2017/18</b>	<b>2018/19</b>	
	<b>Employees</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>
Contractual	1	0	0
0 – 3	6	0	0
4 – 6	0	5	2
7 – 9	11	13	1
10 – 12	12	10	0
13 – 15	0	1	0
<b>Total</b>	<b>30</b>	<b>29</b>	<b>2</b>
<i>Employees and Posts numbers are as at 30 June.</i>			

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## 3.14 Cemeteries

Cemeteries in all towns are managed by the municipality, except Op-die-Berg which is managed by a church. Ceres Cemetery and N'Duli Cemetery have reached full capacity. The cemetery at Bella Vista will cater for these two towns in future. Wolseley Cemetery has been extended. No crematoriums are managed.

### 3.14.1 Service Statistics - Cemeteries







Type of service	2016/17	2017/18	2018/19
Number of Cemeteries	4 open 2 closed	4 open 2 closed	4 open 2 closed
Number of private burials		520	576
Number of poor burials	48	27	25
Number of indigent burials	74	41	43
#Stats are for all towns			

### 3.14.2 Employees – Cemeteries

Employees: Cemeteries			
Job Level	2017/18	2018/19	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	0	0	0
0 - 3	14	12	2
4 - 6	3	3	0
7 - 9	0	0	0
10 - 12	0	0	0
13 - 15	0	0	0
<b>Total</b>	<b>17</b>	<b>15</b>	<b>2</b>
Employees and Posts numbers are as at 30 June.			

## 3.15 Child Care, Aged Care & Social Programmes

The Socio Economic Unit is responsible for:

-  the initiation and strengthening of early childhood development (ECD) programmes and support of the ECD Forum;
-  capacity building of crèches;
-  strengthening awareness programs regarding the aged abuse and access to indigent services;
-  strengthening and support of youth development with the focus on job creation and skills development;
-  strengthening and support of persons with disabilities through skills development; and
-  support HIV/AIDS awareness



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*Christmas Market: Held annually and gives exposure to local talent and youth*

## 3.15.1 Service Statistics: Child Care, Aged Care & Social Programmes

2017/18	2018/19
<b>Soup kitchens established or supported</b>	
8 soup kitchens was financially supported	No soup kitchens were financially supported
<b>Initiatives to increase awareness on child abuse</b>	
5 x Awareness and Prevention Programmes focusing on Child abuse; Child neglect and Child abduction, 3 x Holiday Programmes with activities and information about life skills relevant to these target group, 2x skills programmes with children, 2 x Holiday Programmes with children, 4x Puppet theatres and face-painting activities with relevant life -skills presented at crèches in the area	10 x child protection programmes focussing on child abuse, child neglect, child abductions and crimes against children, 2 x holiday programme with children focusing on the rights of children, 2 x programmes with children focusing on awareness regarding children with disabilities and promoting inclusivity at mainstream schools
<b>Youngsters educated and empowered</b>	
Provided +-1044 youth with youth related opportunity information across Witzenberg via the Youth Focal Points, +- 2389 youth was exposed to youth programmes across Witzenberg Municipal areas, Train the Trainer Training, Entrepreneurship Training for youth x 3, Life skills Program: Sex Education x 6, domestic valance, Substance abuse awareness x6, 16 days of activism campaign, World Aids Day x4 door-to-door programmes, 5 Holiday Programmes, Matriculant Top Achievers Event, Substance Abuse Program x9, Motivational Programmes x15, Awareness: HIV&AIDS x4, Charity Event (hand-out of old clothes), Back to School Project, Career guidance (grade 10), First Aid Training, Safety Programme, Distribution of job opportunities information at youth in neighbourhoods, Awareness: Healthy life style x5,	Nation Building Training, Job Preparation Workshop for 5 youth, Health &safety accredited training for 4 youth, Herbicide application accredited training for 4 youth, Talent show x2, First Aid Training x2 (for 24 youth), Accredited Carpentry training for 5 youth, Hosted Cape Winelands Drama Festival, Job Placement Certificate Ceremony, WMF Golf day, Sexting Workshop, Informal Sport Day, Leadership Training for 42 youth, Life skills: Social awareness, Self-esteem x2, Job readiness x4, importance of obedience, Awareness on gangsterism, Life skills: Safe sex x4, Substance abuse x20, Mandela day x7, Afterschool program x9, Motivation session with school drop-outs x2, Choosing the right friends, Obstacle course, Peer pressure x11, Problem solving & decision making, Time management x2, HIV/AIDS x3, Behaviour problems x2,

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Valentine's day youth event, Assisted with Indigent Campaigns, Life skills: Goals, self-esteem, anger management., Awareness: Water Crisis x2, Arts and craft Programmes x11, HIV/Aids Awareness, After school Program: Life Skills, Life Skills: Self Development, Arts and Craft program, Talent Show auditions, Road Safety Awareness, Career Guidance Programme, Life Skills: Sport Skills development at schools, Conflict Management, Assisted with Green Fingers Program, Humans' Rights Program, After school Program, Awareness: Crime prevention x5, Support Group: Caretakers of people with Disabilities (with APD), Afterschool Program x3, Drug Abuse awareness at neighbourhoods, Sport Program, Life skills programme: Starting your own garden, Life Skills programme: Peer Pressure, religion, chasing dreams, communicating skills, celebrating freedom day, my identity, Nation Building Training for youth focal point programme, Soft skills: Giving back (Social responsibility) and values, Attitude Guidance (mobile Style), Support Group: Emotional & physical activities with APD, After school program x2, Mobile style – Road Safety, Application Forms& Post Programme at –centre, Life skills: Peer pressure/ Bullying, Job preparation for Grade 12 learners, Agriculture training x3, Soft skills: Mothersday program, Soft skills: Reading program, Soft skills: Sportsday program, Soft skills: Health and Wellness x15, Educational Fieldtrip, Youth Focal Point celebration event, Youth day programme (dance competition), Anti-Crime (giving information to the community), APD – Disabled Support Group, Informal Rugby session (Health and Fitness week)	Challenges, Character building, What does the community mean to me, Goal setting x2, Relationship with parents, Stereotypes and gender roles, ATM safety, Importance of Education x3, Breaking cycles x2, Good coping skills' Relationships' Anger management' Study methods, Mothers, Awareness on Human trafficking, Child Protection Law, Dreams & time, Awareness on abuse, Chasing dreams, Morals & values, Who am I, Personal, family and community values, Communication barriers, Safety tips, FAS (Fetal Alcohol syndrome), School drop-outs, Team work x5, Cultural intelligence x2, Soft skills: Needle work x3, Celebrating women session, Research session about countries and animals, Heritage day programs x3, Fund raiser, Crime prevention programs x5, Information sessions x2, Cansa awareness, Social responsibility programs x7, Encourage reading sessions x3, Holiday programs x8, Arts and craft programs x7, Sport development programs x40, Basic computer skills x4, Motivational programs x14, Indigenous games x6, Health & safety programs x13, Awareness on Teenage pregnancy x9, Entrepreneurship day (school program), Career guidance sessions x3, 16 Days of activism programs x4, Awareness on TB x5, Community concert, Educational trip to the Museum, Road safety program x3, Youth intervention, Breast cancer & testicle cancer awareness, Back to school program, Recycling session x2, Valentine's day program x3, Save water program, Support group: young parents x3, Online course: Servant leadership, Drill practice, Recruitment for ABET (total of 17 youth), Provided +-2191 youth with youth related opportunity information across Witzenberg via the Youth Focal Points
<b>Initiatives to increase awareness on disability</b>	
3 x skills programmes with People with disabilities. The focus was be on hand skills; life skills and social skills, 3x Programmes aimed at supporting parents who have children with disabilities, 2x programme creating awareness regarding mental disabilities affecting the whole community	3 x Parent support programmes for parents/caregivers of children with special needs, 2x face painting and "poppekas" programmes for children with disabilities, 2x awareness programmes about prevention and treatment of mental disabilities, 5 x life skill and arts and crafts programmes with young people with disabilities
<b>Initiatives to increase awareness on women</b>	
1x Woman's day programme for Women with Disabilities, 7 x Awareness and Prevention Programmes – creating awareness regarding the different types of violence against women and children as well as Human Trafficking, Official Launch of the 16 days of Violence against women and children as well as programmes and door to door activities in the different towns, 4 x Women's day Celebration Programmes supported and facilitated.	2x Awareness programmes on breast cancer prevention and treatment, 8 x Awareness and prevention programmes- Gender Violence/Domestic Violence, 2x Programmes –Human Trafficking, 3x Women's day celebration programmes focusing on self-care and health issues that affects women, 2x awareness programmes- 16 Days of activism against violence against women and children
<b>Initiatives to increase awareness on HIV/AIDS</b>	
9 x HIV awareness programs in Witzenberg	9 x HIV awareness programs in Witzenberg, 1 x Workshop on HIV with relevant role-players
<b>Initiatives to increase awareness on Early Childhood Development</b>	
4 x Facilitating ECD quarterly forum meeting, 1 x Workshop on importance of reading, 1 x Training workshop for cooks of ECD centres in food preparation and hygiene, Site visits to ECD centres in municipal building, 1 x Educational trip for	4x ECD quarterly Forum meeting, 1 x Fire Safety workshop for ECD practitioners, 1x First Aid training for ECD practitioners, 1 x Workshop for cooks in food preparation and hygiene, 1 x Workshop in milestone development for 0-3 years for ECD

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ECD learners to Kleinplasie, 1 x Workshop for ECD managers on by-laws of CWDM, 1 x Acknowledgement ceremony for ECD practitioners	practitioners, 1 x Awareness program on child safety and child trafficking, 1 x Workshop on stimulation for children 0-3years, Site visits to ECD centres in municipal buildings, 1 x Awareness program on water safety for ECD children, 1x Awareness program on emotional intelligence for parents of ECD children
<b>Initiatives to increase awareness on substance abuse and high drug and alcohol related crimes</b>	
3 x Awareness programs on Fetal Alcohol syndrome, 9 x Awareness program on substance abuse, 1 x Workshop on establishing and functioning of drug support group	6 x Awareness programs on Fetal Alcohol Syndrome, 6 x Awareness programs on substance abuse
<b>Special events hosted</b>	
Elderly lunch on 6 December	Elderly Lunch on 5 December 2019

### 3.15.2 Service Delivery Indicators: Child Care, Aged Care & Social Programmes

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2017/18	Overall Performance 2018/19		
					Target	Actual	R
ComSoc41	Support the poor & vulnerable through programmes & policy	Number of account holders subsidised through the municipality's indigent Policy	Number of account holders	3000/2373	4 500	3 701	
ComLed8		The number of jobs created through municipality's local economic development initiatives including capital projects	Number of jobs created	390/403	390	397	
ComSoc 42		Number of social development programmes implemented	Number of programmes	20/36	20	25	

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*The Day for the Aged that is held annually in recognition of our Senior Citizens.*

## 3.15.3 Employees: Socio-Economic

Employees: Socio-Economic			
Job Level	2017/18	2018/19	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
4 – 6	5	5	0
7 – 9	1	1	0
10 – 12	4	4	0
13 – 16	0	0	1
<b>Total</b>	<b>10</b>	<b>10</b>	<b>1</b>
<i>Employees and Posts numbers are as at 30 June.</i>			

## 3.16 Community Services: Other

### 3.16.1 Capital Expenditure – Community Services: Other

Capital Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
<b>R</b>					
Ceres Town Hall aircons		500 000	20 592	(96%)	



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Capital Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
<b>R</b>					
Tulbagh Town Hall stage curtains		89 786	89 786	0%	89 786
Sportsground development		637 197	636 907	0%	636 907
Resurface netball courts		290 000	289 910	0%	289 910
Upgrade sport facilities		260 869	260 869	0%	260 869
<b>Total all</b>	<b>1 050 000</b>	<b>1 777 852</b>	<b>1 298 064</b>	<b>(27%)</b>	
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). Only major projects included above.</i>					

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## COMPONENT E: ENVIRONMENTAL PROTECTION

The section Facilities and Environment manages environmental protection which includes environmental education, aesthetics and wild animal management such as baboons, as well as the protection of fauna and flora. The department is in the process of developing an Environmental Management Plan.

### 3.17 Pollution Control

Environmental officers within the department are responsible for environmental and pollution control. The focus is mainly upon pollution, illegal dumping and the protection of fauna and flora. The municipality is part of the Regional Air Quality Forum and has an official appointed as an Air Quality Officer. The municipality places emphasis on education and training of the youth and school learners. The section is strives to ensure environmental conservation as well as compliance to legislation.

#### 3.17.1 Service Statistics – Pollution Control

Type of service	2016/17	2017/18	2018/19
<b>Pollution Control</b>			
Number of environmental education initiatives held	7	10	9
Number of baboon damage incidents	0	0	0

### 3.18 Parks, Public Open Spaces & River Management

Parks management is responsible for the management and maintenance of parks in the municipal area. New parks are designed and developed by this section. The function also includes river maintenance and conservation of municipal nature areas. The municipality has more than 50 hectares of official parks and many more open spaces and areas that requires maintenance. Parks scheduled for cutting every 3 weeks. Rivers are maintained to prevent pollution and regular clearings of alien vegetation takes place.

#### 3.18.1 Employees: Parks, Public open spaces & river management

<b>Employees: Parks, public open spaces &amp; river management</b>			
<b>Job Level</b>	<b>2017/18</b>	<b>2018/19</b>	
	<b>Employees</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>
Contractual	10	9	1
0 - 3	37	36	1
4 - 6	12	13	0
7 - 9	3	3	1
10 - 12	1	1	0
13 - 15	0	0	0
<b>Total</b>	<b>64</b>	<b>66</b>	<b>3</b>
<i>Employees and Posts numbers are as at 30 June.</i>			

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### 3.18.2 Capital Expenditure: Parks, Public open spaces & river management

Capital Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
<b>R</b>					
Cherry picker	500 000	1 480 280	1 470 000	0%	1 470 000
Brushcutters	100 000	93 300	93 214	0%	93 214
<b>Total all</b>	<b>600 000</b>	<b>1 573 580</b>	<b>1 563 214</b>	<b>0%</b>	
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate). Only major projects included above.</i>					



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## COMPONENT F: SECURITY & SAFETY

This component includes: Traffic; Fire; Disaster Management, Licensing and control of animals, and Control of public nuisances, etc.

### 3.19 Traffic & Vehicle Licensing

Our top service delivery priorities are reducing the number of road deaths caused by accidents through traffic law enforcement, speed enforcement and road traffic safety education at schools and other institutions. Another priority is to improve service delivery at the Traffic Centre. This will be achieved through service excellence and through identification of shortcomings and addressing these through training initiatives.

#### 3.19.1 Service Statistics – Traffic Services

Type of service	2015/16	2016/17	2017/18	2018/19
Number of road traffic accidents during the year	875	807	618	471
Number of by-law infringements attended	96	311	293	138
Number of Traffic officers in the field on an average day	8	9	6	10
Number of Traffic officers on duty on an average day	11	15	11	21
Animals impounded	0	0	0	0
Motor vehicle licenses processed	24 885	26 116	27 458	26 838
Learner driver licenses processed	2 794	2 449	2 445	2 270
Driver licenses processed	2 561	2 401	1 865	1 829
Driver licenses issued	906	684	686	581
Fines issued for traffic offenses	12 670	41 813	56 816	25 111
R-value of fines collected	2 365 320	3 268 504	4 448 590	2 429 886*
Operational call-outs/Complaints	471	409	528	763
Roadblocks held	29	10	13	24
Special Functions – Escorts	36	72	78	89
Awareness initiatives on public safety	6	18	21	10

\*Note: Reason for decrease – appointment of service provider was delayed.

#### 3.19.2 Employees – Traffic- & Law Enforcement Services

Employees: Traffic and Law Enforcement Services			
Job Level	2017/18	2018/19	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	5	0	0
0 – 3	0	1	0
4 – 6	8	6	0
7 – 9	32	16	2
10 – 12	4	19	4
13 – 15	1	2	0

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Employees: Traffic and Law Enforcement Services			
Job Level	2017/18	2018/19	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
<b>Total</b>	<b>50</b>	<b>44</b>	<b>6</b>
<i>Employees and Posts numbers are as at 30 June.</i>			

## 3.20 Fire Services

The Fire Services function is provided in conjunction with the Cape Winelands District Municipality. An agreement was reached where support from the District Municipality would be enlisted as and when required by Witzenberg Municipality. Witzenberg Municipality mainly attends to urban fires in built areas and the District Municipality attends to fires outside urban areas. Support does, however, take place as and when needed. Personnel capacity does hamper the delivery of proper services, but a satellite fire station was implemented in Tulbagh and Ceres to address this issue.

### 3.20.1 Service Statistics – Fire Services

Type of service	2016/17	2017/18	2018/19
Total fires attended in the year	616	669	712
Average turnout time - urban areas	10min	10min	10min
Average turnout time - rural areas	20min	20min	20min
Fire fighters in post at year end	8	10	14
Total fire appliances at year end	5	7	6
Total Operational call-outs	536	681	890*
Reservists and volunteers not trained	0	0	0
Awareness Initiatives on Fire Safety	100	98	74
EPWP Fire Fighters	0	0	16

\*Increase due to additional drinking water provision on farms

### 3.20.2 Employees – Fire and Disaster Services

Employees: Fire and Disaster Services			
Job Level	2017/18	2018/19	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	0	0	0
0 - 3	0	0	0
4 - 6	3	5	1
7 - 9	6	7	0
10 - 12	2	2	0
13 - 15	1	0	1
<b>Total</b>	<b>12</b>	<b>14</b>	<b>2</b>

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Employees: Fire and Disaster Services			
Job Level	2017/18	2018/19	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
<i>Employees and Posts numbers are as at 30 June.</i>			

### 3.21 Other (Disaster Management, Animal Control &, Control of Public Nuisances)

The Disaster Management function is developed and performed by the Manager: Disaster & Fire Services. The function is delivered in conjunction with the Cape Winelands District Municipality, Fire Services and Traffic Department. The municipality completed a Disaster Management Plan and which Council has approved for implementation. No serious disasters were experienced during the past year. Support is given to families in informal areas where fires have demolished structures. Support depends on the extremity of the situation, but includes temporary housing in community facilities and food parcels being distributed to support the displaced families.

The municipality does not enforce animal licensing at this stage. Animal control is, however, problematic as the municipality does not manage an animal pound and it is too expensive to impound animals in neighbouring towns which do manage pounds. At this stage, as a control measure, the municipality has appointed 10 animal monitors in the different areas. Monitors function on the basis of the EPWP programme. The function of these monitors is to ensure that the animals are not a problem to residents or a danger to road traffic. The biggest challenge is roaming cattle and horses. Several accidents were reported where cows and goats was involved in collisions with motor vehicles. The municipality is, however, looking at possible service level agreements with other institutions, as mentioned in Section 76(b) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000). Animals have been already impounded in terms of Section 6(1)(e) of the Witzenberg Municipality, By-law Relating to Pounds, No 7404 of 19 June 2015, where a land owner on whose property the animals were trespassing, is authorised to impound these animals. Another challenge is the monitoring of animals during weekends and after hours during week days. Animal complaints average 4 per week and may vary depending on the situation. At this stage, meetings are being held with roaming animal owners and in some instances, compliance notices are served. The municipality is continuously looking at alternatives in combatting these challenges.

Public nuisances' are addressed by the Traffic Department. Complaints on nuisances received are documented and reported on in the Traffic Monthly Report.

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## COMPONENT G: SPORT & RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

The municipality manages one resort, the Pine Forest Resort. This resort offers the following facilities for visitors and the local community:

- 🍷 97 accommodation units that can house 557 people with day braais.
- 🍷 21 normal camping sites and 280 sites for long-term rentals
- 🍷 1 recreation hall
- 🍷 conference halls with seating of 30 and 80
- 🍷 1 Olympic size and 2 smaller for kids, swimming pools
- 🍷 The recreation area includes a play park for kids, putt-putt, trampolines, table tennis, badminton and squash courts

The number of visitors for 2018/19 applicable to accommodation units and normal camping sites, amounted to R 4 537 863 (43 205 bed nights).

Besides the swimming pools in Pine Forest Resort, six more swimming pools are available to the local community in:

- 🍷 Ceres (one)
- 🍷 Tulbagh (one)
- 🍷 Wolseley (one)
- 🍷 Bella Vista (one)
- 🍷 PA Hamlet (one)
- 🍷 N'Duli (one)

According to ticket sales 1 970 adults and 35 468 kids visited the outside pools during 2018/19. (Revenue of R110 340 for the period November 2018 to April 2019).

All pools are maintained daily to ensure clean and safe pools for visitors.

### 3.22 Sport & Recreation

#### 3.22.1 Service Delivery Indicators: Sport & Recreation

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2017/18	Overall Performance 2018/19		
					Target	Actual	R
ComAm34	Provide & maintain facilities that make citizens feel at home	Customer satisfaction survey - community facilities	Survey	1/1	1	1	

#### 3.22.1 Employees: Sport & Recreation

Employees: Sport and recreation			
Job Level	2017/18	2018/19	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	8	6	0

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Employees: Sport and recreation			
Job Level	2017/18	2018/19	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
0 - 3	16	14	2
4 - 6	10	8	3
7 - 9	1	1	0
10 - 12	0	0	1
13 - 15	1	1	0
<b>Total</b>	<b>36</b>	<b>32</b>	<b>5</b>
<i>Employees and Posts numbers are as at 30 June.</i>			



*Pine Valley Sportfield: An increase in vandalism especially at community facilities are of great concern and are the municipality in the process to expand on security and safety programmes.*

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## COMPONENT H: CORPORATE POLICY OFFICES & OTHER SERVICES

### 3.23 Financial Services

An important factor considered by investors in relocating to an area is the ability of the authorities to demonstrate adequate provision of services, financial discipline, affordable tariffs, adherence to statutory requirements, timely preparation and production of financial statements, adherence to generally accepted accounting practices and unqualified audit reports.

#### Operational financing

Council's policy is to fund operating expenses from normal revenue streams with short term borrowing being used as a last resort for capital expenditure. It is expected that strong financial management including accurate cash forecasting will obviate the need to resort to short-term borrowings.

#### Working Capital

It is Council's intention to create sufficient cash reserves by way of good financial management including the setting aside of adequate provisions for working capital.

#### Revenue raising strategy

The guidance on how to improve the payment ratio of the area can be found in the Credit Control and Debt Collection Policy. This Policy highlights the procedures to be followed in the collection of all money owed to the Municipality.

#### Expenditure Management

To reduce expenditure on non-core functions, by considering Public Private Partnerships.

#### 3.23.1 Service statistics – Financial Services

Debt Recovery						
Details of the types of account raised and recovered	2017/18			2018/19		
	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %
R'000						
Property Rates	64,648	63,618	98,4%	69 859	68 279	98%
Electricity	215,396	215,628	100,1%	224 475	221 598	99%
Water	53,832	40,039	74,4%	41 390	32 205	78%
Sanitation	30,817	26,208	85,0%	28 369	23 990	85%
Refuse	28,035	21,112	75,3%	27 316	21 984	80%
Other	4,309	4,727	109,7%	1.440	1.345	93%
<b>Total</b>	<b>397,036</b>	<b>371,332</b>	<b>93.5%</b>	<b>391,410</b>	<b>368,057</b>	<b>94%</b>
<i>The proportion of account value billed is calculated by taking the total value of the year's revenues collected against the bills raised in the year by the year's billed revenues</i>						

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## 3.23.2 Service Delivery Indicators – Financial Services

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2017/18	Overall Performance 2018/19		
					Target	Actual	R
FinInc17	Sustainable provision & maintenance of basic infrastructure	Number of outstanding valid applications for water services expressed as a % of total number of billings for the service	Percentage of outstanding applications	<1%/0%	<1%	0%	
FinInc18	Sustainable provision & maintenance of basic infrastructure	Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service	Percentage of outstanding applications	<1%/0%	<1%	0%	
FinInc19	Sustainable provision & maintenance of basic infrastructure	Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service	Percentage of outstanding applications	<1%/0.0%	<1%	0%	
FinInc20	Sustainable provision & maintenance of basic infrastructure	Number of outstanding valid applications for refuse collection services expressed as a % of total number of billings for the service	Percentage of outstanding applications	<1%/0%	<1%	0%	
FinFAdm10	Ensure financial viability	Financial viability expressed as Debt-Coverage ratio	Ratio	90/90	90	250.8	
Debt Service Payments due is low due the low outstanding amount in terms Borrowings. Redemption of loans in in previous financial years and no new borrowings taken up.							
FinFAdm9	Ensure financial viability	Financial viability expressed as Cost-Coverage ratio	Ratio	2.8/2.97	2.8	2.67	
Reason for under-performance: Decrease in cash from R 97 506 000(2017-18) to R94 242 000 (2018-19) and an increase in monthly fixed cost from R32 754 000 (2017-18) to R 35 267 000 (2018-19) has resulted in an deterioration of the ratio in 2018-19.							
Corrective measures: Fixed cost consists of Employee Related cost, Remuneration of councillors, finance charges, bulk purchases and contracted services. The only elements that can be managed to a certain extent is overtime expenditure (Employee Related Cost) and consultant services (Contracted Services). The municipality could only strive to manage overtime that is not related emergencies. In the long term, the municipality can only strive to capacitate in-house employees through training to ensure that less consultancy services are utilised.							
FinFAdm11	Ensure financial viability	Financial viability expressed outstanding service debtors	Ratio	44%/49%	44%	50%	
Reason for under-performance: The majority of outstanding debt is in respect of prescribed debt and debt of indigent households.							
Corrective measures: Improve Credit Control & Debt Collection Mechanisms & the Implementation of Marketing strategies i.e. Jamborees, Bulk SMS's & Consumer Web Portal roll-out. Data Cleansing required in terms Indigent Register. Collectability of Long outstanding debt must be investigated, i.e. prescribed debt							
FinDir3	Ensure financial viability	Opinion of the Auditor-General on annual financial statements of the previous year	Opinion of AG	1/1	1	1	
FinInc15	Ensure financial viability	Increased revenue collection	Percentage revenue collected	95%/94%	94%	94%	










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## 3.23.2 Employees – Financial Services

Employees: Financial Services			
Job Level	2017/18	2018/19	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	16	5	0
0 - 3	0	0	0
4 - 6	26	28	4
7 - 9	5	7	1
10 - 12	2	6	0
13 - 15	2	2	2
16 - 18	1	3	0
<b>Total</b>	<b>56</b>	<b>51</b>	<b>2</b>
<i>Employees and Posts numbers are as at 30 June.</i>			

## 3.24 Human Resource Services

The section for Human Resources within Witzenberg Municipality incorporates the following disciplines:

-  Recruitment and selection
-  Leave administration
-  Benefit administration
-  Labour relations
-  Training and development
-  Health and safety performance management
-  Work study administration

### 3.24.1 Service Statistics – Human Resources

Details	2015/16	2016/17	2017/18	2018/19
Number of HR policies reviewed	0	0	1	3
Number of total permanent employees	495	519	516	538
Number of total temporary employees	43	74	72	27
Number of total injuries (injury on duty cases)	52	70	62	87
Number of total approved annual leave days taken	11 203.75	10 243.5	11 575.25	12 112.75
Number of family responsibility leave days taken	525.5	462.75	470.25	542.50
Number of total Health and Safety Representatives	19	18	20	20
Number of total First Aiders	20	38	39	56
Number of sick days leave taken	4 064.5	4 147.75	4 118	4 490.25*

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Details	2015/16	2016/17	2017/18	2018/19
Number of termination	31	39	1	3
Number of new employees appointed - permanent	29	74	47	41
Number of new employees appointed - Interns	2	1	2	2
Number of new employees appointed - Temporary	38	44	22	38
Number of total employees trained	271	328	195	284
Number of total female employees trained	71	131	56	79
Number of total male employees trained	200	197	139	205
Number of total learner ships enrolled	4	7	10	8
Number of total training courses rolled out	17	45	26	46

\*Increase due to severe illness related to cancer, heart disease & TB.

### 3.24.2 Service Delivery Indicators – Human Resources

Ref	Strategic Objective	KPI	Unit of Measurement	Target/Actual performance of 2017/18	Overall Performance 2018/19		
					Target	Actual	R
CorpHR12	Support institutional transformation & development	Percentage of people from employment equity target groups employed in the three highest levels of management in	Nr of reports	4/4	4	4	
CorpHR13		Percentage budget spent on implementation of Workplace Skills Plan	Percentage of budget spent	96%/99%	96%	96%	

### 3.24.3 Employees – Human Resources






Employees: Human Resources			
Job Level	2017/18	2018/19	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	2	0	0
0 - 3	0	0	0
4 - 6	1	0	0
7 - 9	2	1	0
10 – 12	4	4	1
13 – 15	1	1	0
16 – 18	1	1	0
<b>Total</b>	<b>11</b>	<b>7</b>	<b>1</b>

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Employees: Human Resources			
Job Level	2017/18	2018/19	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Employees and Posts numbers are as at 30 June.			

## 3.25 Information & Communication Technology (ICT) Services

The department's functions include:

-  Management and maintenance of the IT infrastructure that includes hardware and software
-  Update and maintenance of municipal website
-  Upkeep and maintenance of LAN and WAN
-  Administration of the electronic documents system (TRIM)
-  Manage service providers for outsourced functions.

### 3.25.1 Service Statistics – ICT Services

Details	2015/16	2016/17	2017/18	2018/19
Desktop support	271	304	415	435
Network support	265	289	589	605
Network downtime experienced	4 hours	5 hours	8 hours	12 hours
Server downtime experienced (total for 15 servers)	30 hours	27 hours	62 hours	48 hours
File restores requested	33	51	94	128

### 3.25.2 Employees – ICT Services

Employees: ICT			
Job Level	2017/18	2018/19	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	0	0	0
0 – 3	0	0	0
4 – 6	0	0	0
7 – 9	0	0	0
10 – 12	1	1	1
13 – 15	0	0	0
16 - 18	0	0	1
<b>Total</b>	<b>1</b>	<b>1</b>	<b>2</b>
Employees and Posts numbers are as at 30 June.			

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## 3.26 Internal Audit & Risk Management

Witzenberg Municipality does not have a Risk Management sub-directorate. The responsibility for Risk Management and the duties of a Chief Risk Officer has been delegated to the Chief Financial Officer and Internal Audit. Internal Audit is assisting the Chief Risk Officer with the development of the risk management policy, strategy and implementation plan, facilitating identification and assessment of risks, and disseminating risk reports. Portfolio directors and risk owners are responsible to maintain controls, the implementation of action plans to mitigate risk and to improve controls.

The risk register of the municipality is reviewed and updated on a continuous basis and reassessed annually to form the basis for the compilation of the 3 year audit strategy and the annual Risk Based Audit Plan.

Internal Audit is an independent in-house function that performs internal audits based on the approved Risk Based Audit Plan and other statutory audits as required by the MFMA and MSA.

The Internal Audit function reports functionally to the Performance, Risk and Audit Committee and administratively to the Municipal Manager.

### 3.26.1 Service Statistics – Internal Audit

Details	2015/16	2016/17	2017/18	2018/19
Compilation of the Risk Based Audit and 3 year strategic plans	1	1	1	1
Internal Audits	19	17	18	14

### 3.26.2 Employees – Internal Audit

Employees: Internal Audit			
Job Level	2017/18	2018/19	
	Employees	Employees	Vacancies (fulltime equivalents)
	No.	No.	No.
Contractual	0	0	
Trainees	1	2	
0 - 3	0	0	0
4 - 6	0	0	0
7 - 9	0	0	0
10 - 12	1	1	0
13 - 15	1	1	0
16 - 18	1	1	0
<b>Total</b>	<b>4</b>	<b>5</b>	<b>0</b>
<i>Employees and Posts numbers are as at 30 June.</i>			

## 3.27 Legal Services

Legal Services manage the implementation, monitoring, evaluation and reporting sequences of outcomes associated with programmes designed to accomplish key service delivery objectives with respect to Legal Services. This is

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achieved through co-ordination of operations against departmental, statutory and audit guidelines to ensure that the service is managed and maintained in accordance with laid down quality standards, customer focused to ensure legal compliance and provide legal direction in ensuring effective and efficient service delivery.

The main objectives are as follows:

- 🍎 To distribute all new legislation and proclamations to all Departments;
- 🍎 To promulgate by-laws;
- 🍎 To provide legal opinions and input on policies, agreements, legislation, bylaws and authorities; and
- 🍎 Attend to on-going litigant matters within the legislative timeframes.

The highlights for the year under review were as follows:

- 🍎 No big civil matters / claims against the municipality

The challenges for the year under review were as follows:

- 🍎 Increase in illegal invasion of land, lengthy and expensive legal procedures;
- 🍎 Proper funding and budget control to ensure that the department operate on both an optimum and efficient level;
- 🍎 Increase in illegal house shops, lengthy and expensive legal procedures.

## 3.28 Strategic Support: Other

### 3.28.1 Capital Expenditure – Strategic Support: Other

Capital Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
R					
Office Furniture – Witzenberg	30 000	260 000	212 034	(18%)	212 034
IT Equipment	350 000	600 000	583 122	(3%)	583 122
Signage & Billboards	80 000	156 919	103 310	(34%)	103 310
<b>Total all</b>	<b>460 000</b>	<b>1 016 919</b>	<b>898 466</b>	<b>(12%)</b>	
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate).</i>					

## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

### 4.1 INTRODUCTION TO THE MUNICIPAL WORKFORCE

Witzenberg Municipality currently employs **566** officials, (permanent + temporary employees), excluding councillors, who individually and collectively contribute to the achievement of the municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

#### 4.1.1 Employment Equity

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan".

##### Employment Equity targets/actual

African			Coloured			Indian			White		
Target June	Actual June	Target reached	Target June	Actual June	Target reached	Target June	Actual June	Target reached	Target June	Actual June	Target reached
33%	27%	77%	49.6%	68%	71%	1%	0%	1%	16%	5%	33%

*2018/19 EE targets/Actual by racial classification*

Male			Female			Disability		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
53.48%	68%	121.48%	50.56%	31.52%	82.08%	0	0	0

*2018/19 EE targets/actual by gender classification*

##### Employment Equity vs. Population

Description	African	Coloured	Indian	White	Total
Population numbers (WC Province)	1 912 547	2 840 404	60 761	915 053	5 728 765
% Population	33.4%	49.6%	1.1%	15.9%	100%
Number for positions filled	148	362	2	27	539
% for Positions filled	27%	67%	0.4%	5.1%	100%

*Note: The total population numbers is based on projection done by Global Insight*

*EE population 2018/19*

##### Occupational Categories – Race

Below is a table that indicates the number of employees by race within the specific occupational categories (including the Councillors):

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Posts filled									
Occupational	Male				Female				Total
Categories	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers	3	23	0	9	5	5	0	2	47
Professionals	0	9	0	0	4	12	0	2	27
Technicians and associate professionals	2	20	0	1	1	6	0	0	30
Clerks	6	23	1	0	11	17	0	8	66
Service and sales workers	21	29	0	2	12	26	0	0	90
Craft and related trades workers	5	22	1	2	0	0	0	0	30
Plant and machine operators and assemblers	8	29	0	0	1	0	0	0	38
Elementary occupations	62	100	0	1	20	28	0	0	211
Total permanent	107	255	2	15	54	94	0	12	539
Non-permanent employees	9	22	0	0	4	13	1	1	50
Grand total	116	277	2	15	58	107	1	13	589

### Occupational Levels - Race

The table below categorize the number of employees by race within the occupational levels (excluding 23 councillors)

Occupational	Male				Female				Total
Levels	A	C	I	W	A	C	I	W	
Top Management	0	1	0	0	0	0	0	0	1
Senior management	1	0	0	1	0		0	0	2
Professionally qualified and experienced specialists and mid- management	0	12	0	1	4	15	0	2	34
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	13	50	1	5	4	11	0	2	86
Semi-skilled and discretionary decision making	36	115	1	0	17	61	0	6	236
Unskilled and defined decision making	48	76	0	2	25	29	0	0	180
<b>Total permanent</b>	<b>98</b>	<b>254</b>	<b>2</b>	<b>9</b>	<b>50</b>	<b>116</b>	<b>0</b>	<b>10</b>	<b>539</b>
Non- permanent employees	3	8	0	0	3	12	0	1	27
<b>Grand total</b>	<b>101</b>	<b>262</b>	<b>2</b>	<b>9</b>	<b>53</b>	<b>128</b>	<b>0</b>	<b>11</b>	<b>566</b>

### Departments - Race

The following table categorize the number of permanent employees by race within the different departments (excluding 23 councillors):

## WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Office of the Municipal Manager	0	3	0	2	1	4	0	1	11
Corporate Services	17	30	0	1	3	35	0	1	87
Financial Services	1	19	1	1	7	24	0	5	59
Community Services	28	68	0	3	25	56	0	2	182
Technical Services	55	116	1	6	8	13	0	1	200
<b>Total permanent</b>	<b>101</b>	<b>236</b>	<b>2</b>	<b>13</b>	<b>44</b>	<b>132</b>	<b>0</b>	<b>10</b>	<b>539</b>

### 4.1.2 Vacancy Rate

The approved organogram for the municipality has **865** posts for the **2018/19** financial year. The actual positions filled are indicated in the tables below by post level and by functional level. Budgeted vacant posts were **60** vacant at the end of **2018/19**, resulting in a vacancy rate of **6.9%**.

Below is a table that indicates the vacancies within the municipality:

PER POST LEVEL		
Post level	Filled	Vacant Budgeted Positions
MM & MSA section 57 & 56	3	2
Middle management	23	3
Professionals	34	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	81	15
Semi-skilled and discretionary decision making	212	13
Unskilled and defined decision making	186	24
<b>Total</b>	<b>539</b>	<b>60</b>
PER FUNCTIONAL LEVEL		
Functional area	Filled	Vacant Budgeted Positions
Office of the Municipal Manager	12	0
Corporate Services	59	8
Financial Services	56	5
Community Services	195	14
Technical Services	217	33
<b>Total</b>	<b>539</b>	<b>60</b>

The table below indicates the vacancies per Section 57 and 56 posts:

Salary Level	Number of Section 57 and 56 vacancies	Vacancy % (as a proportion of the total Section 57 and 56 posts)
Municipal Manager	0	0
Chief Financial Officer	1	20%



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Salary Level	Number of Section 57 and 56 vacancies	Vacancy % (as a proportion of the total Section 57 and 56 posts)
Director: Corporate Services	0	0
Director: Community Services	1	20%
Director: Technical Services	0	0
<b>Total</b>	<b>2</b>	<b>40%</b>

## 4.1.3 Employee Turnover Rate

A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality. The turnover rate shows a decrease from 4.8% in 2017/18 to 4.3% in 2018/19.

The table below indicates the employee turnover rate over the last three years:

Financial year	Total no appointments at the end of each Financial Year	New appointments (Permanent Appointments)	No Terminations during the year	Turnover Rate
2014/15	559	38	42	7.5%
2015/16	561	29	31	5.5%
2016/17	543	74	39	7%
2017/18	516	47	25	4.8%
2018/19	539	41	23	4.3%

## 4.2 MANAGING THE MUNICIPAL WORKFORCE

Managing the municipal workforce refers to analysing and coordinating employee behaviour.

### 4.2.1 Injuries on duty

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

The injury rate shows a increase for the 2018/19 financial year of 82 employees compared to 62 employees in the 2017/18 financial year.

Incidents are investigated to determine whether there was any negligence involved to ensure that it is an actual injury on duty.

The table below indicates the total number of injuries within the different directorates:

Directorates	2016/17	2017/18	2018/19
Office of the Municipal Manager	0	0	1
Corporate Services	3	5	6
Financial Services	1	3	7
Community Services	28	23	30

## WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

Directorates	2016/17	2017/18	2018/19
Technical Services	38	31	44
<b>Total</b>	<b>70</b>	<b>62</b>	<b>88</b>

### 4.2.2 Sick Leave

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

The total number of sick leave days that have been taken during the 2018/19 financial year shows a increase when compared with the 2017/18 financial year.

The table below indicates the total number sick leave days taken within the different directorates:

Department	2016/17	2017/18	2018/19
Office of the Municipal Manager	52.5	43.5	91.5
Corporate Services	428.75	560.5	619.25
Financial Services	356	305	330.5
Community Services	1 406	1545	1647.5
Technical Services	1 904.5	1664	1801.5
<b>Total</b>	<b>4 147.75</b>	<b>4118</b>	<b>4490.25</b>

### 4.2.3 HR Policies and Plans

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the management of staff.

The table below shows the HR policies and plans that are approved and that still needs to be developed:

Approved policies	
Name of policy	Date approved
Attendance and Punctuality	4 August 2010
Employment Practice	4 August 2010
Employment Equity	4 August 2010
Employees under the Influence of Intoxicating Substances	4 August 2010
Legal Aid Policy	4 August 2010
Relocation Policy	4 August 2010
HIV/Aids Policy	4 August 2010
Internal Bursary	4 August 2010
Occupational Health And Safety	4 August 2010
Incapacity due to Poor Work Performance	4 August 2010
Sexual Harassment Policy	4 August 2010
Incapacity: Due to Ill Health/Injury Policy	4 August 2010
Private Work and Declaration of Interests	4 August 2010
Overtime Policy	31 May 2012
Proposed Scares Skills Policy	31 May 2012

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Approved policies	
Name of policy	Date approved
Employee Assistance Policy	31 May 2012
Employment Policy	29 February 2012
Remuneration Policy	To be developed
Training and Development Policy	developed
Personnel Protective Equipment Policy	developed
Time and Attendance Policy	5 December 2017
Fraud & Corruption Prevention & Response Policy	26 July 2017
Fraud & Corruption Prevention Strategy	26 July 2017
Leave Policy	To be approved
Retirement Policy	To be approved
Mayoral Bursary Policy	To be approved

## 4.3 CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the human resource capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

### 4.3.1 Skills Matrix

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year	Number of Employees that received training
MM and S57	Female	0	0
	Male	0	0
Legislators, senior officials and managers	Female	3	3
	Male	4	5
Professionals	Female	3	11
	Male	2	5
Associate professionals and Technicians	Female	4	4
	Male	20	22
Clerks	Female	10	33
	Male	14	9
Service and sales workers	Female	8	9
	Male	27	32
Craft and related trade workers	Female	0	0
	Male	16	23
Plant and machine	Female	0	0

## WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

Management level	Gender	Number of employees identified for training at start of the year	Number of Employees that received training
operators and assemblers	Male	25	25
Elementary occupations	Female	29	19
	Male	128	84
Sub total	Female	58	79
	Male	236	205
Total		294	284

### 4.3.2 Skills Development – Training Provided

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

Occupational categories	Gender	Number of employees as at the beginning of the financial year	Training provided within the reporting period						
			Learner ships		Skills programmes & other short courses		Total		
			Actual	Target	Actual	Target	Actual	Target	% achieved
MM and S57	Female	0	0	0	0	0	0	0	100
	Male	4	0	0	0	0	0	0	100
Legislators, senior officials and managers	Female	12	0	2	3	3	3	5	60
	Male	30	0	1	5	2	5	3	166
Professionals	Female	19	1	1	10	1	11	2	550
	Male	9	0	0	5	3	5	3	60
Technicians and associate professionals	Female	7	0	1	4	3	4	4	100
	Male	23	11	13	11	7	22	20	110
Clerks	Female	63	3	1	30	8	33	9	366
	Male	28	1	4	8	11	9	15	60
Service and sales workers	Female	29	0	0	9	8	9	8	112
	Male	39	0	0	32	27	32	27	118
Craft and related trade workers	Female	0	0	0	0	0	0	0	100
	Male	29	0	0	23	16	23	16	143
Plant and machine operators and assemblers	Female	1	0	0	0	0	0	0	100
	Male	40	16	5	9	20	25	25	100
Elementary occupations	Female	57	5	5	14	24	19	29	65
	Male	196	18	31	66	97	84	128	65
Sub total	Female	188	9	10	70	47	79	57	138
	Male	398	46	54	159	183	205	237	86
Total		586	55	64	229	230	284	294	96

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## 4.3.3 Skills Development – Budget Allocation

The table below indicates that a total amount of R 1 000 000.00 were allocated to the workplace skills plan and that 96.44% of the total amount was spent in the 2018/19 financial year:

Year	Total workplace skills plan budget	Total Allocated	Total Spend	% Spend
2017/18	R 1 225 000	R 565 883	R 565 9125.53	98.8%
2018/19	R 1 000 000.00	R 1 000 000.00	R 964 411.82	96.44%

## 4.3.4 Employee Performance Rewards

In accordance with regulation 32, a performance bonus, based on affordability, may be paid to an employee, after -

- The annual report for the financial year under review has been tabled and adopted by the municipal council;
- an evaluation of performance in accordance with the provisions of regulation 23; and
- approval of such evaluation by the municipal council as a reward for outstanding performance.
- The evaluation of the performance of Section 57 managers forms the basis for rewarding outstanding performance.

The table below shows the total number of Section 57 employees that received performance rewards during the 2018/19 financial year.

Race	Gender	Number of beneficiaries	Total number of employees received performance rewards	% Employees received performance rewards
African	Female	0	0	0%
	Male	1	1	100%
Asian	Female	0	0	0%
	Male	0	0	0%
Coloured	Female	1	1	0%
	Male	1	1	100%
White	Female	0	0	0%
	Male	2	2	100%
Disability	Female	0	0	0%
	Male	0	0	0%
Total		5	5	100%

## 4.4 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## 4.4.1 Personnel Expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past four financial years and that the municipality is well below the national norm of between 35 to 40%:

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure	Percentage
	R'000	R'000	%
2015/16	120 121	451 210	26.6
2016/17	132 456	455 063	29.1
2017/18	157 404	563 945	27.9
2018/19	175110	502367	34.86

Below is a summary of Councillor and staff benefits for the year under review:

Financial year	2017/18	2018/19		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000	R'000	R'000	R'000
<b>Councillors (Political Office Bearers plus Other)</b>				
Allowance	7 006	7213	7213	7242
Pension Contributions	1 018	1063	1063	1049
Medical Aid Contributions	137	212	212	184
Motor vehicle allowance	0	692	692	0
Cell phone allowance	934	1023	1023	931
Housing allowance	73	455	455	52
Other benefits or allowances	1	50	50	0
In-kind benefits	0	0	0	0
<b>Sub Total - Councillors</b>	<b>9 170</b>	<b>10 709</b>	<b>10 709</b>	<b>9459</b>
<b>% increase/ (decrease)</b>	<b>3.3%</b>	<b>17%</b>	<b>17%</b>	<b>3%</b>
<b>Senior Managers of the Municipality</b>				
Salary	4 112	3594	3294	3011
Pension Contributions	534	718	718	179
Medical Aid Contributions	104	127	127	67
Motor vehicle allowance	0	993	993	812
Cell phone allowance	26	67	67	26
Housing allowance	0	145	145	0
Performance Bonus	642	840	840	568
Other benefits or allowances	1 576	130	110	162
In-kind benefits				
<b>Sub Total - Senior Managers of Municipality</b>	<b>6 993</b>	<b>6614</b>	<b>6294</b>	<b>4825</b>
<b>% increase/ (decrease)</b>	<b>6.6%</b>	<b>-5%</b>	<b>-10%</b>	<b>-31%</b>

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Financial year	2017/18	2018/19		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000	R'000	R'000	R'000
<b>Other Municipal Staff</b>				
Basic Salaries and Wages	91 894	108 292	102 237	100 053
Pension Contributions	13 253	15 480	15 480	14 759
Medical Aid Contributions	6 648	17 888	17 888	18 354
Motor vehicle allowance	0	4099	4129	4580
Cell phone allowance	497	378	378	488
Housing allowance	1 446	1541	1541	1448
Overtime	10 227	8200	8425	11 166
Other benefits or allowances	21 503	17 371	17 354	19 437
<b>Sub Total - Other Municipal Staff</b>	<b>150 411</b>	<b>17 251</b>	<b>167 432</b>	<b>170 285</b>
<b>% increase/ (decrease)</b>	<b>18.9%</b>	<b>15%</b>	<b>11%</b>	<b>13%</b>
<b>Total Municipality</b>	<b>157 404</b>	<b>190 573</b>	<b>184 434</b>	<b>184 568</b>
<b>% increase/ (decrease)</b>	<b>18.3%</b>	<b>21%</b>	<b>17%</b>	<b>17%</b>

### 4.5 MFMA COMPETENCIES

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 as per Government Notice 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

The table below provides details of the financial competency development progress as required by the regulation:

Financial Competency Development: Progress Report				
Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>				
Accounting Officer	1	1	1	1

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Financial Competency Development: Progress Report				
Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Chief Financial Officer	0	0	0	0
Senior Managers	2	2	2	2
Any other financial officials	4	4	4	4
Supply Chain Management Officials				
Heads of supply chain management units	0	0	0	0
<b>Total</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>



## CHAPTER 5 – FINANCIAL PERFORMANCE



*Municipal financial offices at Wolseley*

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The Statement of financial performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

### 5.1 FINANCIAL SUMMARY

The table below indicates the summary of the financial performance for the 2018/19 financial year:

Financial Summary						
R' 000						
Description	2017/18	2018/19			2018/19 Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Financial Performance</b>	<b>AA</b>	<b>AH</b>	<b>AG</b>	<b>AF</b>		
Property rates	63 835	70 128	68 317	69 879	(0,35)	2,29
Service charges	306 170	316 407	318 218	305 199	(3,54)	(4,09)
Investment revenue	8 122	8 194	8 194	8 551	4,35	4,35
Transfers recognised - operational	94 207	135 381	115 971	105 201	(22,29)	(9,29)
Other own revenue	59 490	54 275	56 426	67 909	25,12	20,35
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>531 824</b>	<b>584 385</b>	<b>567 125</b>	<b>556 740</b>	<b>(4,73)</b>	<b>(1,83)</b>
Employee costs	153 240	174 040	170 402	166 502	(4,33)	(2,29)
Remuneration of councillors	9 170	10 709	10 709	9 458	(11,69)	(11,69)
Depreciation & asset impairment	29 217	43 032	44 165	30 415	(29,32)	(31,13)
Finance charges	15 676	11 020	16 002	15 847	43,79	(0,97)
Materials and bulk purchases	179 705	197 541	197 541	188 783	(4,43)	(4,43)
Transfers and grants	14 160	14 407	14 163	10 019	(30,46)	(29,26)
Other expenditure	125 103	109 391	155 789	133 365	21,92	(14,39)
<b>Total Expenditure</b>	<b>526 272</b>	<b>560 140</b>	<b>608 771</b>	<b>554 388</b>	<b>(1,03)</b>	<b>(8,93)</b>
<b>Surplus/(Deficit)</b>	<b>5 552</b>	<b>24 245</b>	<b>(41 646)</b>	<b>2 352</b>	<b>(90,30)</b>	<b>(105,65)</b>
Transfers recognised - capital	34 481	31 619	52 914	54 177	71,34	2,39
Contributions recognised - capital &	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>40 034</b>	<b>55 864</b>	<b>11 268</b>	<b>56 530</b>	<b>1,19</b>	<b>401,69</b>
associate					–	–
<b>Surplus/(Deficit) for the year</b>	<b>40 034</b>	<b>55 864</b>	<b>11 268</b>	<b>56 530</b>	<b>1,19</b>	<b>401,69</b>
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>						
Transfers recognised - capital	34 472	44 892	55 488	60 951	35,77	9,85
Public contributions & donations					–	–
Borrowing		2 500	–	–	(100,00)	–
Internally generated funds	29 384	33 929	35 151	25 706	(24,24)	(26,87)
<b>Total sources of capital funds</b>	<b>63 855</b>	<b>81 321</b>	<b>90 639</b>	<b>86 657</b>	<b>6,56</b>	<b>(4,39)</b>

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

R' 000						
Description	2017/18	2018/19			2018/19 Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b><u>Financial position</u></b>						
Total current assets	182 524	128 678	131 864	183 674	42,74	39,29
Total non current assets	903 070	868 750	868 062	965 334	11,12	11,21
Total current liabilities	82 068	55 551	58 049	91 452	64,63	57,54
Total non current liabilities	158 016	159 348	159 348	155 516	(2,40)	(2,40)
Community wealth/Equity	845 510	782 529	782 529	902 040	15,27	15,27
<b><u>Cash flows</u></b>						
Net cash from (used) operating	84 032	69 050	68 362	81 900	18,61	19,80
Net cash from (used) investing	(60 065)	(69 728)	(69 040)	(83 389)	19,59	20,78
Net cash from (used) financing	(2 795)	(9 736)	(9 736)	(1 745)	(82,07)	(82,07)
<b>Cash/cash equivalents at the year end</b>	97 506	52 699	52 699	94 272	78,89	78,89
<b><u>Cash backing/surplus reconciliation</u></b>						
Cash and investments available	97 506	52 699	55 885	94 272	78,89	68,69
Application of cash and investments	178 499	(12 003)	(12 878)	183 187	(1 626,18)	(1 522,46)
<b>Balance - surplus (shortfall)</b>	(80 993)	64 702	68 763	(88 916)	(237,42)	(229,31)
<b><u>Asset management</u></b>						
Asset register summary (WDV)	854 456	892 745	900 930	918 262	2,86	1,92
Depreciation & asset impairment	29 217	43 032	44 165	30 415	(29,32)	(31,13)
Renewal of Existing Assets	4 011	5 073	7 753	7 132	40,61	(8,00)
Repairs and Maintenance	–	18 740	18 742	16 787	(10,42)	(10,43)
<b><u>Free services</u></b>						
Cost of Free Basic Services provided	23 593	34 439	35 935	34 828	1,13	(3,08)
Revenue cost of free services provided	28 123	38 222	38 222	37 754	(1,22)	(1,22)
<b><u>Households below minimum service level</u></b>						
Water:	Nil	Nil	Nil	Nil	Nil	Nil
Sanitation/sewerage:	Nil	Nil	Nil	Nil	Nil	Nil
Energy:	Nil	Nil	Nil	Nil	Nil	Nil
Refuse:	Nil	Nil	Nil	Nil	Nil	Nil
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1						

T5.1.1

Statements of Revenue Collection Performance by vote and by source

Appendix K

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

The table below shows a summary of performance against budgets:

Financial	Revenue excluding capital transfers				Operating expenditure			
Year	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	(R'000)				(R'000)			
2017/18	519 934	531 824	11 890	2,29	557 033	526 272	30 762	5,52
2018/19	567 125	556 740	(10 385)	(1,83)	608 771	554 388	54 384	8,93

The table below indicates the Operational services performance for the 2018/19 financial year:

Financial Performance of Operational Services						
R '000						
Description	2017/18	2018/19			2018/19 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	AA	AH	AG	AF		
<b>Operating Cost</b>						
Water	28 107	29 221	36 717	37 704	(29,03)	(2,69)
Waste Water (Sanitation)	24 256	24 408	30 297	29 316	(20,11)	3,24
Electricity	199 670	223 698	220 993	205 463	8,15	7,03
Waste Management	40 605	34 614	44 515	44 634	(28,95)	(0,27)
Housing	16 477	19 186	18 785	12 954	32,48	31,04
Component A: sub-total	309 115	331 127	351 306	330 072	0,32	6,04
Waste Water (Stormwater Drainage)	6 062	5 621	5 462	6 491	(15,49)	(18,86)
Roads	21 304	25 071	26 427	24 140	3,71	8,65
Transport					-	-
Component B: sub-total	27 366	30 691	31 888	30 632	0,19	3,94
Planning					-	-
Local Economic Development					-	-
Component B: sub-total					-	-
Planning	1 141	1 189	1 366	1 494	(25,61)	(9,34)
Local Economic Development	1 921	2 215	2 563	1 570	29,15	38,76
Component B: sub-total	3 061	3 405	3 929	3 064	10,02	22,03
Planning (Strategic & Regulatory)	16 830	19 032	18 969	17 932	5,78	5,47
Environmental Protection	1 320	1 747	2 716	649	62,85	76,12
Health	-	-	-	-	-	-
Security and Safety	38 982	33 291	32 899	31 630	4,99	3,86
Sport and Recreation	23 335	29 121	28 456	24 885	14,55	12,55
Corporate Policy Offices and Other	106 263	111 726	138 606	115 525	(3,40)	16,65
Component D: sub-total	186 729	194 917	221 647	190 621	2,20	14,00
<b>Total Expenditure for the year</b>	<b>526 272</b>	<b>560 140</b>	<b>608 771</b>	<b>554 388</b>	<b>1,03</b>	<b>8,93</b>
In this table operational income (but not levies or tariffs) is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T5.1.2

The bulk of the municipality's expenditure is spent on basic service delivery functions such as electricity, water, waste water management and waste management.

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## 5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

The tables below show the financial performance according to municipal functions:

Vote Description	2017/18	2018/19			2018/19 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
		(R'000)			(%)	
<b>Executive and Council</b>						
<b>Total Operational Revenue</b>	–	–	–	–	–	–
<b>Expenditure:</b>						
Employees	(6 028)	(6 604)	(6 591)	(6 472)	2,00	1,81
Repairs and Maintenance	(0)	(14)	(11)	(2)	88,37	85,12
Other	(14 873)	(18 862)	(17 517)	(15 707)	16,73	10,33
<b>Total Operational Expenditure</b>	(20 902)	(25 479)	(24 119)	(22 180)	12,95	8,04
<b>Net Operational (Service) Expenditure</b>	(20 902)	(25 479)	(24 119)	(22 180)	12,95	8,04
<b>Budget and Treasury Office</b>						
<b>Total Operational Revenue</b>	83 511	89 434	88 829	86 082	3,75	3,09
<b>Expenditure:</b>						
Employees	(16 955)	(29 009)	(21 520)	(19 369)	33,23	9,99
Repairs and Maintenance	(26)	(46)	(155)	(51)	(9,28)	67,23
Other	(12 463)	(18 121)	(23 288)	(16 943)	6,50	27,25
<b>Total Operational Expenditure</b>	(29 444)	(47 177)	(44 962)	(36 363)	22,92	19,13
<b>Net Operational (Service) Expenditure</b>	54 067	42 258	43 867	49 719	(17,66)	(13,34)
<b>Corporate Services</b>						
<b>Total Operational Revenue</b>	755	1 416	1 516	1 057	25,38	30,30
<b>Expenditure:</b>						
Employees	(20 868)	(20 026)	(24 124)	(19 474)	2,76	19,27
Repairs and Maintenance	(372)	(1 014)	(717)	(515)	49,27	28,27
Other	(19 633)	(22 445)	(28 811)	(23 328)	(3,93)	19,03
<b>Total Operational Expenditure</b>	(40 873)	(43 486)	(53 653)	(43 317)	0,39	19,27
<b>Net Operational (Service) Expenditure</b>	(40 118)	(42 069)	(52 137)	(42 260)	(0,45)	18,94
<b>Community and Social Services</b>						
<b>Total Operational Revenue</b>	81 107	98 876	97 158	96 746	2,15	0,42
<b>Expenditure:</b>						
Employees	(21 368)	(22 723)	(22 653)	(21 804)	4,04	3,75
Repairs and Maintenance	(494)	(643)	(502)	(327)	49,15	34,78
Other	(4 117)	(6 066)	(5 921)	(3 077)	49,28	48,04
<b>Total Operational Expenditure</b>					–	–
<b>Net Operational (Service) Expenditure</b>	81 107	98 876	97 158	96 746	2,15	0,42
<b>Sport and Recreation</b>						
<b>Total Operational Revenue</b>	7 600	9 300	9 261	6 962	25,15	24,83
<b>Expenditure:</b>						
Employees	(14 507)	(18 030)	(18 055)	(16 066)	10,89	11,01
Repairs and Maintenance	(571)	(608)	(721)	(567)	6,64	21,24
Other	(8 613)	(10 484)	(9 681)	(8 627)	17,71	10,89
<b>Total Operational Expenditure</b>	(23 691)	(29 121)	(28 456)	(25 261)	13,26	11,23
<b>Net Operational (Service) Expenditure</b>	(16 092)	(19 821)	(19 195)	(18 299)	7,68	4,67
<b>Public Safety</b>						
<b>Total Operational Revenue</b>	28 309	21 294	21 294	18 238	14,36	14,36
<b>Expenditure:</b>						
Employees	(16 923)	(15 506)	(16 710)	(20 923)	(34,94)	(25,22)
Repairs and Maintenance	(637)	(645)	(675)	(261)	59,52	61,32
Other	(24 855)	(7 995)	(19 447)	(14 220)	(77,87)	26,88
<b>Total Operational Expenditure</b>	(42 415)	(24 145)	(36 832)	(35 404)	(46,63)	3,88
<b>Net Operational (Service) Expenditure</b>	(14 107)	(2 851)	(15 537)	(17 167)	(502,23)	(10,49)

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Vote Description	2017/18	2018/19		2018/19 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	(R'000)			(%)		
<b>Housing</b>						
<b>Total Operational Revenue</b>	13 006	33 612	13 394	9 049	73,08	32,44
<b>Expenditure:</b>						
Employees	(2 888)	(3 156)	(3 156)	(3 022)	4,23	4,23
Repairs and Maintenance	(175)	(200)	(212)	(130)	34,73	38,43
Other	(13 414)	(15 831)	(15 418)	(9 801)	38,09	36,43
<b>Total Operational Expenditure</b>	(16 477)	(19 186)	(18 785)	(12 954)	32,48	31,04
<b>Net Operational (Service) Expenditure</b>	(3 471)	14 425	(5 391)	(3 905)	127,07	27,56
<b>Health</b>						
<b>Total Operational Revenue</b>	–	–	–	–	–	–
<b>Expenditure:</b>						
Employees	–	–	–	–	–	–
Repairs and Maintenance	–	–	–	–	–	–
Other	–	–	–	–	–	–
<b>Total Operational Expenditure</b>	–	–	–	–	–	–
<b>Net Operational (Service) Expenditure</b>	–	–	–	–	–	–
<b>Planning and Development</b>						
<b>Total Operational Revenue</b>	1 004	2 380	2 138	1 191	49,95	44,27
<b>Expenditure:</b>						
Employees	(4 503)	(5 127)	(4 599)	(4 936)	3,74	(7,33)
Repairs and Maintenance	–	–	–	–	–	–
Other	(621)	(962)	(1 163)	(700)	27,27	39,80
<b>Total Operational Expenditure</b>	(5 124)	(6 090)	(5 762)	100,00	100,00	
<b>Net Operational (Service) Expenditure</b>	(4 120)	(3 710)	(3 624)	1 191	132,11	132,87
<b>Road Transport</b>						
<b>Total Operational Revenue</b>	4 189	19 871	27 050	19 952	(0,41)	26,24
<b>Expenditure:</b>						
Employees	(4 747)	(5 361)	(4 988)	(5 900)	(10,05)	(18,28)
Repairs and Maintenance	(7 105)	(6 020)	(7 228)	(7 012)	(16,49)	2,99
Other	(9 487)	(13 690)	(14 210)	(11 228)	17,98	20,99
<b>Total Operational Expenditure</b>	(21 339)	(25 071)	(26 427)	(24 140)	3,71	8,65
<b>Net Operational (Service) Expenditure</b>	(17 149)	(5 200)	623	(4 188)	19,46	771,98
<b>Environmental Protection</b>						
<b>Total Operational Revenue</b>	2	12	1 192	88	(628,90)	92,64
<b>Expenditure:</b>						
Employees	(1 084)	(1 350)	(1 378)	(967)	28,39	29,84
Repairs and Maintenance	–	–	–	–	–	–
Other	(235)	(396)	(1 338)	318	180,33	123,78
<b>Total Operational Expenditure</b>	(1 320)	(1 747)	(2 716)	(649)	62,85	76,12
<b>Net Operational (Service) Expenditure</b>	(1 318)	(1 734)	(1 525)	(561)	67,65	63,20
<b>Electricity</b>						
<b>Total Operational Revenue</b>	211 203	241 812	241 402	227 520	5,91	5,75
<b>Expenditure:</b>						
Employees	(10 250)	(11 986)	(11 810)	(11 646)	2,83	1,39
Repairs and Maintenance	(1 567)	(3 030)	(1 628)	(1 487)	50,93	8,67
Other	(187 853)	(208 499)	(207 554)	(192 330)	7,75	7,34
<b>Total Operational Expenditure</b>	(199 670)	(223 515)	(220 993)	(205 463)	8,08	7,03
<b>Net Operational (Service) Expenditure</b>	11 534	18 297	20 409	22 056	(20,55)	(8,07)
<b>Water</b>						
<b>Total Operational Revenue</b>	67 545	52 679	54 716	49 654	5,74	9,25
<b>Expenditure:</b>						
Employees	(6 531)	(7 275)	(6 996)	(7 016)	3,56	(0,27)
Repairs and Maintenance	(2 878)	(2 663)	(1 708)	(1 592)	40,22	6,82
Other	(18 707)	(14 680)	(28 013)	(29 096)	(98,21)	(3,87)
<b>Total Operational Expenditure</b>	(28 116)	(24 617)	(36 717)	(37 704)	(53,16)	(2,69)
<b>Net Operational (Service) Expenditure</b>	39 430	28 062	17 999	11 950	57,41	33,60

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Vote Description	2017/18	2018/19		2018/19 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	(R'000)			(%)		
<b>Waste Water Management</b>						
<b>Total Operational Revenue</b>	42 108	22 674	38 353	46 166	(103,61)	(20,37)
<b>Expenditure:</b>						
Employees	(11 345)	(10 618)	(10 618)	(12 812)	(20,66)	(20,66)
Repairs and Maintenance	(3 159)	(3 345)	(4 566)	(4 242)	(26,81)	7,08
Other	(14 439)	(13 252)	(18 976)	(17 321)	(30,71)	8,72
<b>Total Operational Expenditure</b>	(28 943)	(27 215)	(34 160)	(34 376)	(26,31)	(0,63)
<b>Net Operational (Service) Expenditure</b>	13 165	(4 541)	4 192	11 790	359,65	(181,23)
<b>Waste Management</b>						
<b>Total Operational Revenue</b>	25 965	22 643	23 736	25 347	(11,94)	(6,79)
<b>Expenditure:</b>						
Employees	(15 242)	(17 269)	(17 203)	(16 093)	6,81	6,45
Repairs and Maintenance	(536)	(512)	(620)	(601)	(17,53)	3,02
Other	(26 202)	(16 079)	(28 290)	(29 372)	(82,67)	(3,82)
<b>Total Operational Expenditure</b>	(41 980)	(33 859)	(46 113)	(46 066)	(36,05)	0,10
<b>Net Operational (Service) Expenditure</b>	(16 014)	(11 217)	(22 377)	(20 719)	(84,72)	7,41

## 5.3 GRANTS

### 5.3.1 Grant Performance

The table below indicates the projects implemented under MIG funding for the past 3 years:

Project Name	Budget (VAT Excl) '000			Comments
	2016/17	2017/18	2018/19	
Vredebes Bulk Water Supply	6 997	6 796		Provision of bulk & external services for the Vredebes subsidised housing project.
Vredebes Bulk Sanitation	2 018	6 674		
Vredebes Access Collector	3 252	2 272	10 360	
Vredebes Bulk Storm Water	270		8 088	
Vredebes Streetlights			708	
Vredebes Busroutes	77			
Bella Vista Bulk Water Supply	5 168	4 191		Project Completed
Bella Vista Bulk Sanitation	1 378			
Bella Vista Bulk Storm Water	1 547			
Streetlights for Housing Projects	909			
Project Management Unit	216	11		

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

The table below indicates the grant performance for the 2018/19 financial year:

Grant Performance							
R' 000							
Description	2016/17	2017/18	2018/19			2018/19 Variance	
	Actual	Actual	Original Budget	Adjustment s Budget	Actual	Original Budget (%)	Adjustment s Budget (%)
<b>National Government:</b>	–	73 043	88 231	87 752	87 481	0,85	0,31
Equitable share		70 412	84 602	84 602	84 602	–	–
Municipal Systems Improvement		–	–	–	–	–	–
Department of Water Affairs		–	–	–	–	–	–
Regional Bulk Infrastructure Grant		–	–	–	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–
Finance Management Grant		1 139	1 550	1 400	860	44,53	38,59
Transformation Funds		–	–	–	–	–	–
Municipal Infrastructure Grant		–	531	–	–	100,00	–
Housing		–	–	–	–	–	–
INEP		–	–	–	–	–	–
Rural Development		–	–	–	–	–	–
Expanded Public Works		1 493	1 548	1 750	2 019	(30,47)	(15,39)
Neighbourhood Development Plan		–	–	–	–	–	–
<b>Provincial Government:</b>	–	21 164	46 862	24 036	17 720	62,19	26,28
Regional Socio-economic Projec		1	2 000	–	0	99,99	–
Housing		12 643	32 839	12 621	8 771	73,29	30,50
Regional Social Economic Project		–	–	–	–	–	–
Sports and Recreation		–	–	–	–	–	–
Municipal Infrastructure Support		–	–	–	–	–	–
Library Services		8 050	9 342	8 882	8 942	4,28	(0,68)
CDW		110	148	–	6	95,64	–
Mainroads		120	1 843	1 843	–	100,00	100,00
Draught Relief		–	–	–	–	–	–
Municipal Infrastructure Support Grant		–	–	–	–	–	–
Finance Management Support Grant		240	360	360	0	99,98	99,98
MSCOA Grant		–	330	330	–	100,00	100,00
Multipurpose Centre		–	–	–	–	–	–
<b>District Municipality:</b>	–	–	–	600	–	–	100,00
Water & Sanitation Informal Area		–	–	500	–	–	100,00
Housing Consumer Education Training		–	–	–	–	–	–
Sport and Recreation		–	–	–	–	–	–
Tourism		–	–	100	–	–	100,00
Solid Waste		–	–	–	–	–	–
<b>Other grant providers:</b>	–	295	288	3 583	575	(99,59)	83,95
Belgium & China		295	288	1 083	575	(99,59)	46,90
Table Mountain Fund		–	–	700	–	–	100,00
Development Bank of South Africa		–	–	1 800	–	–	100,00
<b>Total Operating Transfers and Grants</b>	–	94 503	135 381	115 971	105 776	21,87	8,79
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.							
T5.3.1							



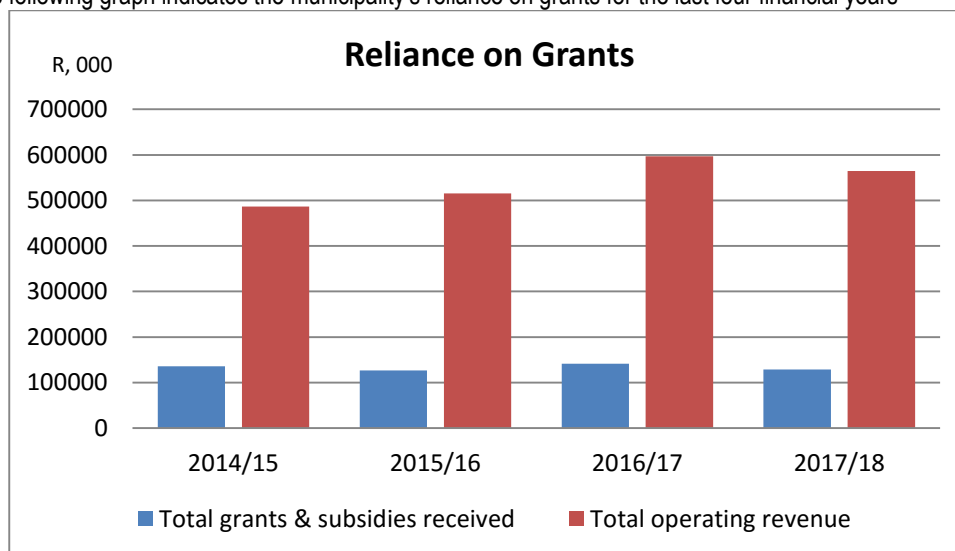
The table below indicates the projects implemented under Human Settlements funding for the past 3 years:

Project Name	Budget (VAT Excl) '000			Comments
	2016/17	2017/18	2018/19	
Vredebes 627 serviced sites		7 155	26 163	Project completed
Vredebes top structures			8 248	In Progress
Vredebes Bulk Sanitation	5 606	2 708		Project completed
Vredebes Bulk Water		4 305		Project completed
Nduli Planning	260			
Bella Vista Bulk (Serviced sites)	2 089			Project Completed
Bella Vista Bulk (308 units)	23 813	12 464		Project Completed

### 5.3.2 Level of Reliance on Grants & Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	(R'000)		(%)
2017/18	128 689	566 305	22,72%
2018/19	159 379	610 917	26,09%

The following graph indicates the municipality's reliance on grants for the last four financial years



Witzenberg Municipality is reliant on grants. Without the grants the Municipality would not have been in a position to upgrade infrastructure.

## 5.4 ASSET MANAGEMENT

The responsibility for asset management lies with both finance and the different functional/departmental managers. The Finance section is responsible for the record keeping and reporting on the assets, whereas the functional managers are responsible for the physical safeguarding of assets, the maintenance, acquisition and disposal of assets.

It is of utmost importance that these two functional areas communicate on a regular basis regarding all movement of assets. Especially in respect of the annual assets count, where information regarding the existence, condition and useful lives regarding assets is reviewed and reported on.

The implementation of GRAP (accounting standard for municipalities) remains a challenge to the Municipality due to the cost and time factors.

### 5.4.1 Treatment of the Three Largest Assets

Asset 1		
Name	A - Vredebes Housing	
Description		
Asset Type	Infrastructure	
Key Staff Involved	Relevant Line manager, Project Management, Budget Office & Supply Chain Management	
Staff Responsibilities	Line Manager identify the need for the project and sets out the specifications required for SCM. Project Manager manage the implementation of the project, sets the Cash flow for the project and reports on a monthly basis on the stage of completion/performance of the project. Budget Office identifies the available Capital Funds and see to it that the project is approved and placed on the Capital Budget. Supply Chain, with the support of the Line Manager & Project Manager, draft the required Tender Docurement and see to it that the procuremt procedures and regulations are complied with in obtaining the necessary goods and services.	
Asset Value	2017/18	2018/19
Capital Implications	R 49 970 046	
Future Purpose of Asset	New Housing Development in Vredebes	
Describe Key Issues		
Policies in Place to Manage Asset	Delegations & Asset Management Policy	

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Asset 2		
Name	B -Rehabilitation - Streets Tulbagh	
Description		
Asset Type	Infrastructure	
Key Staff Involved	Relevant Line manager, Project Management, Budget Office & Supply Chain Management	
Staff Responsibilities	<p>Line Manager identify the need for the project and sets out the specifications required for SCM.</p> <p>Project Manager manage the implementation of the project, sets the Cash flow for the project and reports on a monthly basis on the stage of completion/performance of the project. Budget Office identifies the available Capital Funds and see to it that the project is approved and placed on the Capital Budget. Supply Chain,with the support of the Line Manager &amp; Project Manager, draft the required Tender Docurement and see to it that the procuremt procedures and regulations are complied with in obtaining the necessary goods and services.</p>	
Asset Value	2017/18	2018/19
Capital Implications	<b>R 11 152 044</b>	
Future Purpose of Asset	Improved Road Infrastrucutre	
Describe Key Issues		
Policies in Place to Manage Asset	Delegations & Asset Management Policy	

Asset 3		
Name	C - Tulbagh Dam	
Description		
Asset Type	Infrastructure	
Key Staff Involved	Relevant Line manager, Project Management, Budget Office & Supply Chain Management	
Staff Responsibilities	<p>Line Manager identify the need for the project and sets out the specifications required for SCM.</p> <p>Project Manager manage the implementation of the project, sets the Cash flow for the project and reports on a monthly basis on the stage of completion/performance of the project. Budget Office identifies the available Capital Funds and see to it that the project is approved and placed on the Capital Budget. Supply Chain,with the support of the Line Manager &amp; Project Manager, draft the required Tender Docurement and see to it that the procuremt procedures and regulations are complied with in obtaining the necessary goods and services.</p>	
Asset Value	2017/18	2018/19
Capital Implications	<b>R 2 529 177</b>	
Future Purpose of Asset	Improved Water Infrastructure	
Describe Key Issues		
Policies in Place to Manage Asset	Delegations & Asset Management Policy	

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## 5.4.2 Repairs and Maintenance

Repair and Maintenance Expenditure: 2018/19				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	18 740	18 742	16 787	10,42
T5.3.4				

The future expenditure on repairs and maintenance needs to be expanded to ensure that assets are maintained in a condition that is conducive for service delivery.

## 5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

### 5.5.1 Liquidity Ratio

Description	Basis of calculation	2016/2017	2017/2018	2018/2019
		Audited outcome	Audited outcome	Pre-audit outcome
Current Ratio	Current Assets/Current Liabilities	1,85	2,22	2,01
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1,67	2,17	1,96
Liquidity Ratio	Monetary Assets/Current Liabilities	1,11	1,19	1,03

Current Ratio:

Financial year	Net current assets	Net current liabilities	Ratio
	(R)		
2016/2017	160 758	87 086	1,85
2017/2018	182 524	82 068	2,22
2018/2019	183 674	91 452	2,01

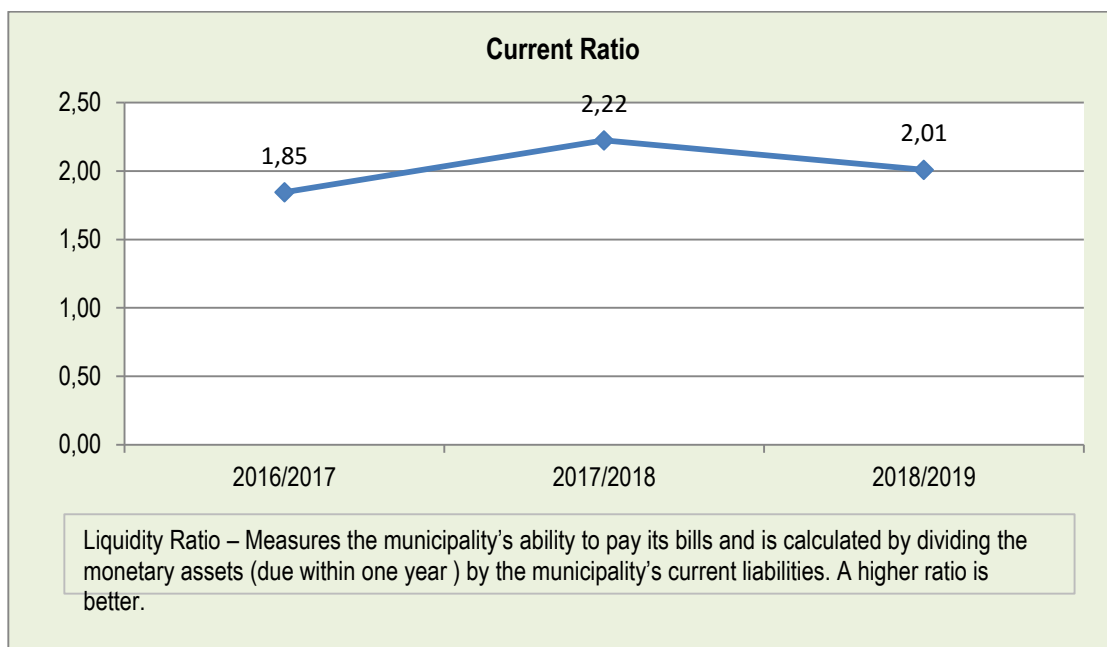
Current Ratio adjusted for aged debtors:

Financial year	Net current assets	Net current liabilities	Ratio
	(R)		
2016/2017	145 704	87 086	1,67
2017/2018	178 235	82 068	2,17
2018/2019	179 385	91 452	1,96

Liquidity Ratio:

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Financial year	Monetary Assets	Net current liabilities	Ratio
	(R)		
2016/2017	97 040	87 086	1,11
2017/2018	97 506	82 068	1,19
2018/2019	94 272	91 452	1,03



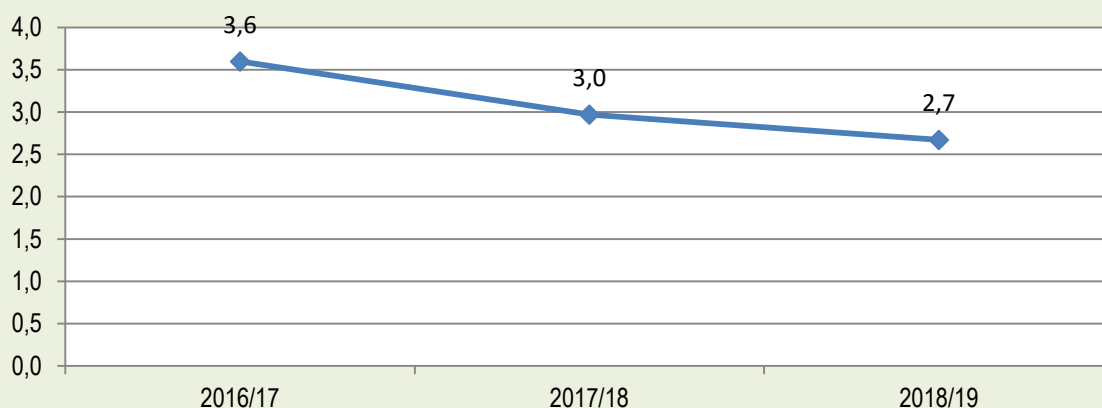
The current ratio and the current ratio adjusted for aged debt are the same as the debtors per the statement of financial performance and have already been impaired (reduced with the doubtful debt).

### 5.5.2 IDP Regulation Financial Viability Indicators

Description	Basis of calculation	2016/17	2017/18	2018/19
		Audited outcome	Audited outcome	Pre-audit outcome
Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3,6	3,0	2,7
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	28,8	114,6	147,6
O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	60%	50%	57%

## WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

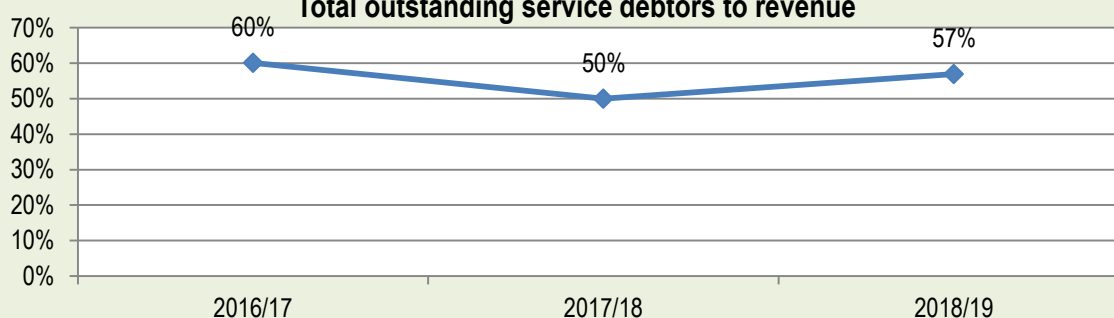
### Cost Coverage



Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

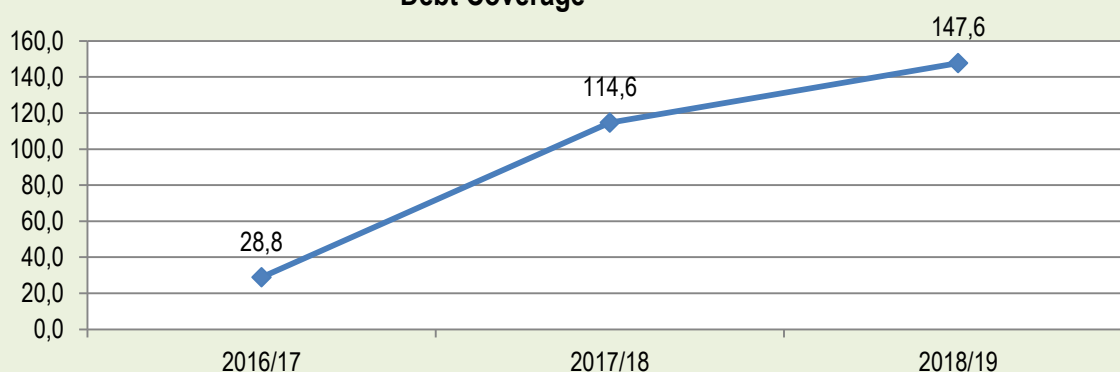
Data used from MBRR SA8

### Total outstanding service debtors to revenue



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower

### Debt Coverage



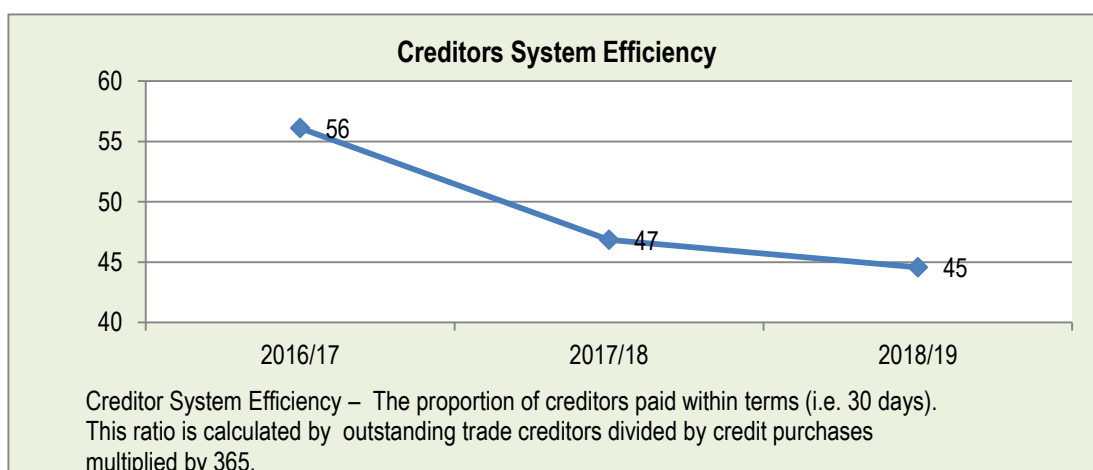
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## 5.5.3 Creditors Management

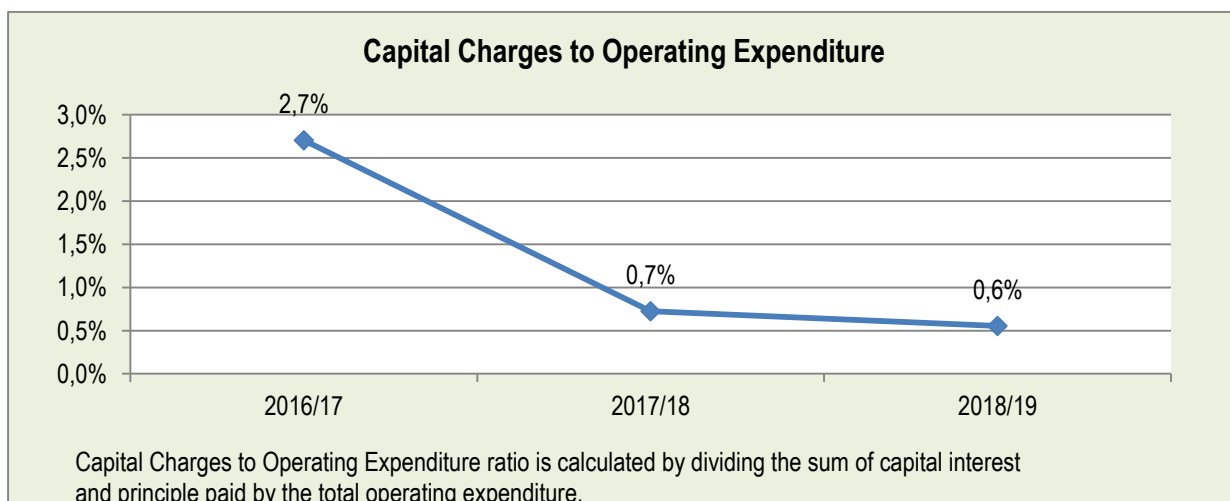
Description	Basis of calculation	2016/17	2017/18	2018/19
		Audited outcome	Audited outcome	Pre-audit outcome
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))	56	47	45

The following graph indicates the percentage of all creditors paid within terms:



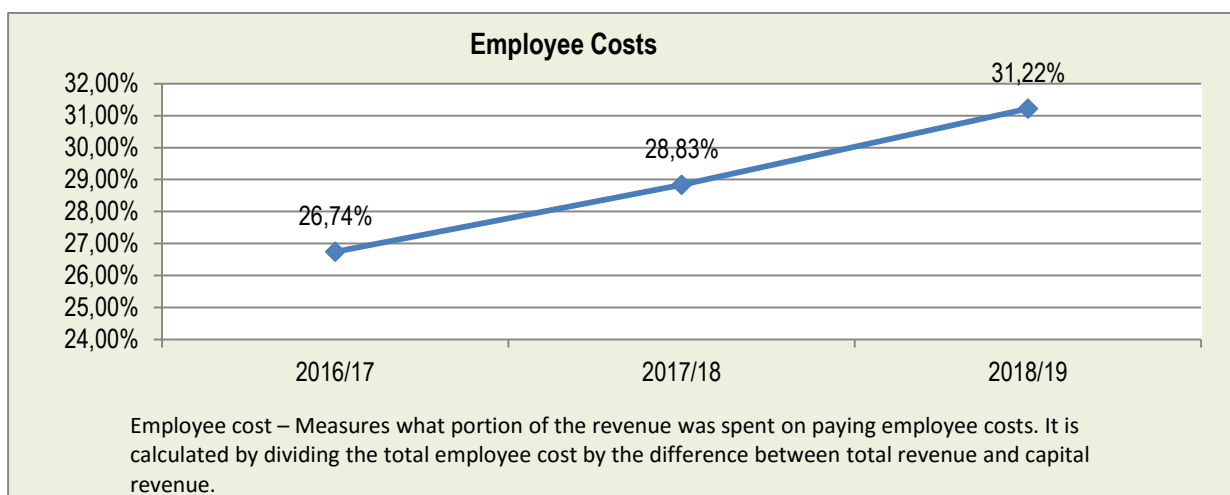
## 5.5.4 Borrowing Management

Description	Basis of calculation	2016/17	2017/18	2018/19
		Audited outcome	Audited outcome	Pre-audit outcome
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2,7%	0,7%	0,6%



### 5.5.5 Employee costs

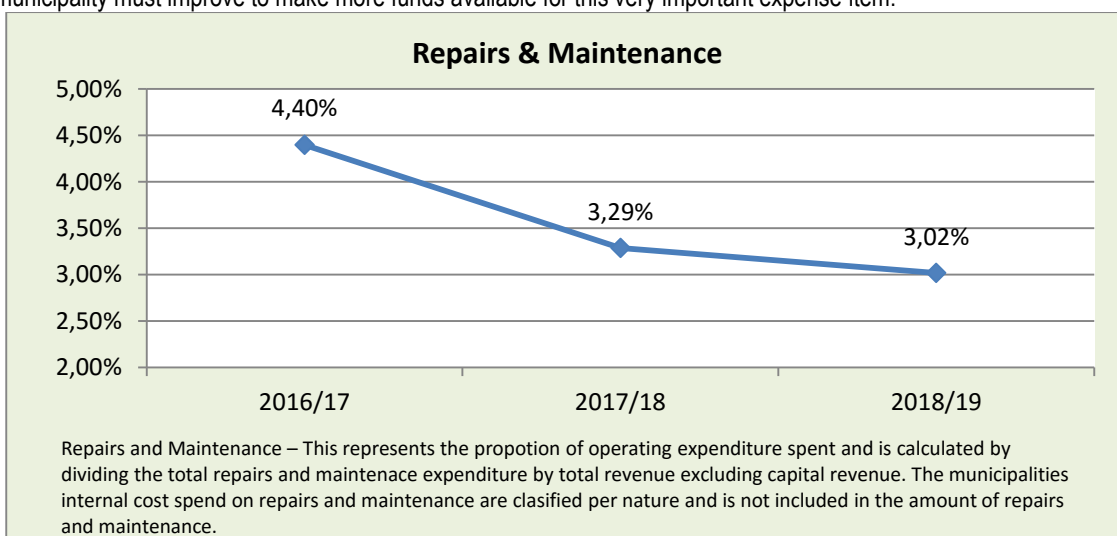
Description	Basis of calculation	2016/17	2017/18	2018/19
		Audited outcome	Audited outcome	Pre-audit outcome
Employee costs	Employee costs/(Total Revenue - capital revenue)	26,74%	28,83%	31,22%



### 5.5.6 Repairs & Maintenance

Description	Basis of calculation	2016/17	2017/18	2018/19
		Audited outcome	Audited outcome	Pre-audit outcome
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4,40%	3,29%	3,02%

The expenditure on repairs and maintenance are below the required standard. The financial position of the municipality must improve to make more funds available for this very important expense item.





## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### 5.6 CAPITAL EXPENDITURE

R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	81 321	90 639	86 657	-6,6%	4,4%
Operating Expenditure	560 140	608 771	554 388	1,0%	8,9%
<b>Total expenditure</b>	<b>641 461</b>	<b>699 410</b>	<b>641 044</b>	<b>0,1%</b>	<b>8,3%</b>

### 5.7 SOURCES OF FINANCE

The table below indicates the capital expenditure by funding source for the 2018/19 financial year:

Capital Expenditure - Funding Sources to 2018/19							
R' 000							
Details		Actual 2017/18	2018/19				
			Original Budget (OB)	Adjustment Budget (AB)	Actual	OB to AB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	–	2 500	–	–	100,00	–
	Public contributions and donations						
	Grants and subsidies	34 472	44 892	55 488	60 951	(35,77)	(9,85)
	Other	29 384	33 929	35 151	25 706	24,24	26,87
Total		63 855	81 321	90 639	86 657	-6,56%	4,39%
Percentage of finance							
	External loans	0,0%	3,1%	0,0%	0,0%	100,0%	
	Public contributions and donations						
	Grants and subsidies	54,0%	55,2%	61,2%	70,3%	-27,4%	-14,9%
	Other	46,0%	41,7%	38,8%	29,7%	28,9%	23,5%
Capital expenditure							
	Water and sanitation	16 820	47 526	37 751	37 300	21,52%	1,19%
	Electricity	–	2 350	4 742	7 162	-204,77%	-51,03%
	Housing	359	200	359	359	-79,50%	0,00%
	Roads and storm water	9 266	20 880	11 109	11 000	47,32%	0,98%
	Other	37 411	10 365	36 678	30 836	-197,49%	15,93%
Total		63 855	81 321	90 639	86 657	-6,56%	4,39%
Percentage of expenditure							
	Water and sanitation	26,3%	58,4%	41,6%	43,0%		
	Electricity	0,0%	2,9%	5,2%	8,3%		
	Housing	0,6%	0,2%	0,4%	0,4%		
	Roads and storm water	14,5%	25,7%	12,3%	12,7%		
	Other	58,6%	12,7%	40,5%	35,6%		
T5.6.1							

T5.6.1

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## 5.8 CAPITAL SPENDING ON FIVE TARGETS PROJECTS

Projects with the highest capital expenditure in 2018/19:

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current Year: 2018/19			Variance Current Year: 2018/19	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Vredebes Housing	40 376	50 521	49 970	-24%	-25%
B -Rehabilitation - Streets Tulbagh	9 000	11 173	11 152	-24%	-24%
C - Tulbagh Dam	8 261	2 530	2 529	69%	69%
D- Electrification of MV & LV Network	5 300	5 300	5 009	5%	0%
E - Upgrade of Van Breda Bridge	1 843	2 303	2 242	-22%	-25%
* Projects with the highest capital expenditure in Year 1					

Name of Project - A	A - Vredebes Housing
Objective of Project	The Provision of Housing & Basic Services
Delays	
Future Challenges	The Cost of Planned & Unplanned Repairs & Maintenance to ensure the standard of service is maintained
Anticipated citizen benefits	Improved Basic Services and Quality Of Life

Name of Project - B	B -Rehabilitation - Streets Tulbagh
Objective of Project	The Provision of Basic Road Services
Delays	
Future Challenges	The Cost of Planned & Unplanned Repairs & Maintenance to ensure the standard of service is maintained
Anticipated citizen benefits	Improved Basic Services and Quality Of Life

Name of Project - C	C - Tulbagh Dam
Objective of Project	The Provision of Basic Water Services
Delays	
Future Challenges	The Cost of Planned & Unplanned Repairs & Maintenance to ensure the standard of service is maintained
Anticipated citizen benefits	Improved Basic Services and Quality Of Life

Name of Project - D	D- Electrification of MV & LV Network
Objective of Project	The Provision of Basic Electrical Services
Delays	
Future Challenges	The Cost of Planned & Unplanned Repairs & Maintenance to ensure the standard of service is maintained
Anticipated citizen benefits	Improved Basic Services and Quality Of Life

Name of Project - E	E - Upgrade of Van Breda Bridge
Objective of Project	The Provision of Basic Road Services
Delays	
Future Challenges	The Cost of Planned & Unplanned Repairs & Maintenance to ensure the standard of service is maintained
Anticipated citizen benefits	Improved Basic Services and Quality Of Life

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## 5.9 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS OVERVIEW

All the residents in the urban areas have access to minimum basic services. Some areas still need to be upgraded to waterborne sewerage systems. Housing delivery is still a challenge, although it is a function of the Provincial Government. Service delivery to informal areas needs to be improved, serviced plots might be the only solution.

### 5.9.1 Service Backlogs

Service Backlogs as at 30 June 2019				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	12343	100%	0	0%
Sanitation	12697	100%	0	0%
Electricity	12810	100%	0	0%
Waste management	13151	100%	0	0%
Housing	14322	88%	1945	12%
% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.				
T5.8.2				

Schools & clinics with access to basic services

Appendix P

Schools & clinics with access to basic services where other spheres of government are responsible for the provision

Appendix Q

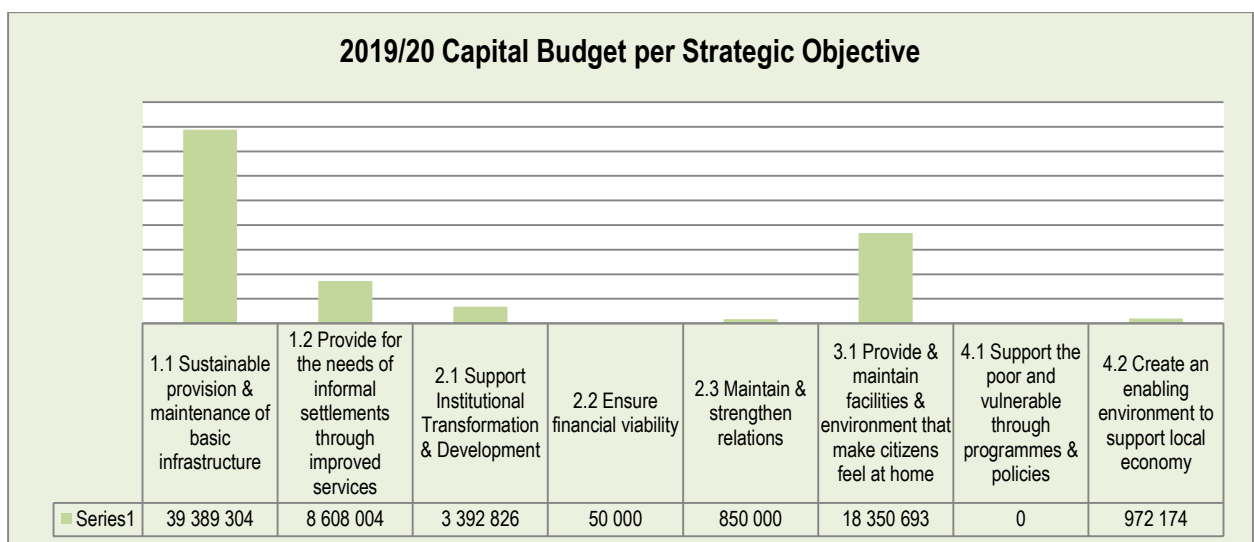
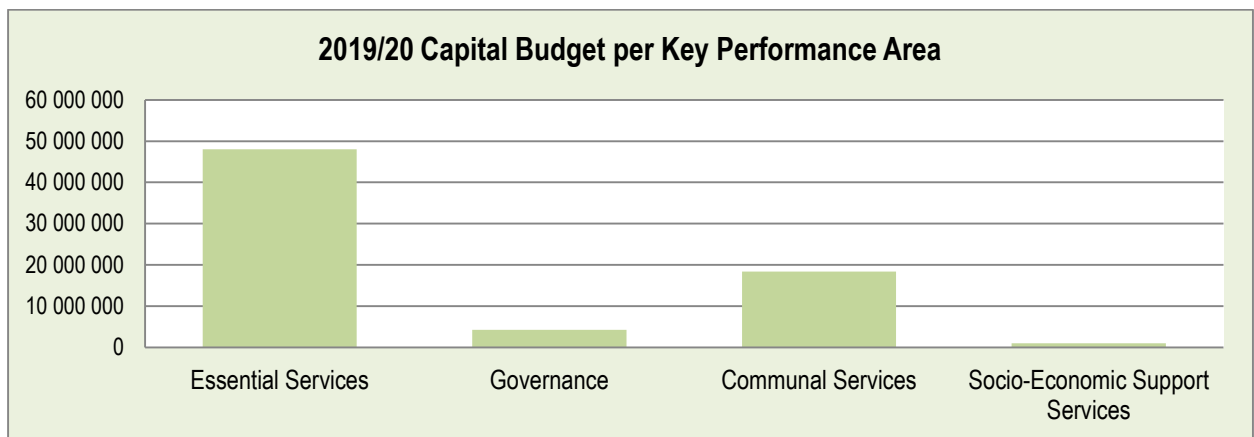
## CAPITAL INVESTMENT FRAMEWORK

The Capital Budget for the 2019/20, 2020/21 and 2021/22 financial years are dominated by projects linked to the implementation of social housing projects. Major projects mainly include the upgrade of bulk infrastructure to support these developments, internal network infrastructure of the developments as well as other network upgrading such as the upgrading of certain roads in Tulbagh that have been in a state of severe deterioration for the past couple of years.

Witzenberg will further continue with the upgrading of existing infrastructure and facilities and will also start with the implementation of a Material Recovery Facility as part of a new waste strategy in the second year.

In terms of the Witzenberg Strategic Map, the bulk of the funding is allocated to the key performance area of Essential Services with the strategic objectives related to the provision of services and upgrading of informal settlements receiving the majority of capital funding as indicated in the graphs below:

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT



## Detailed three-year Capital Budget

New works & renewal programme

**Appendix M**

Full programme of full capital projects

**Appendix N**

Alignment of projects to Wards

**Appendix O**

## 5.9.2 Municipal Infrastructure Grant (MIG)

Municipal Infrastructure Grant (MIG)* Expenditure 2018/19 on Service backlogs						
R' 000						
Details	Budget	Adjust-ments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust-ments Budget	
<b>Infrastructure - Road transport</b>	17 165	18 449	18 449	6,96%	0,00%	
<i>Roads, Pavements &amp; Bridges</i>	9 130	10 361	10 361	11,87%	0,00%	
<i>Storm water</i>	8 035	8 088	8 088	0,66%	0,00%	
<b>Infrastructure - Electricity</b>	1 537	709	708	-116,92%	-0,06%	
<i>Generation</i>	-	-	-			
<i>Transmission &amp; Reticulation</i>	-	-	-			
<i>Street Lighting</i>	1 537	709	708	-116,92%	-0,06%	
<b>Infrastructure - Water</b>	-	-	-			
<i>Dams &amp; Reservoirs</i>	-	-	-			
<i>Water purification</i>	-	-	-			
<i>Reticulation</i>	-	-	-			
<b>Infrastructure - Sanitation</b>	-	-	-			
<i>Reticulation</i>	-	-	-			
<i>Sewerage purification</i>	-	-	-			
<b>Infrastructure - Other</b>	-	-	-			
<i>Waste Management</i>	-	-	-			
<i>Transportation</i>	-	-	-			
<i>Gas</i>	-	-	-			
<b>Other Specify:</b>	20	-	-			
<i>Sport Facilities Wolseley</i>	-	-	-			
<i>Pine Valle Hall</i>	-	-	-			
<i>Project Management Equipment</i>	20	-	-			
<i>Operating Expenditure</i>	-	-	-			
<b>Total</b>	<b>18 722</b>	<b>19 157</b>	<b>19 157</b>	<b>2,27%</b>	<b>0,00%</b>	
<p>* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</p>						

## COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENTS

Cash flow budgeting and management is of the utmost importance to ensure sufficient cash to meet obligations.

### 5.10 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2017/18	Current Year: 2018/19		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	371 832	370 536	405 658	364 853
Government - operating	94 207	97 846	115 971	105 201
Government - capital	38 699	63 230	59 830	58 274
Interest	19 166	13 112	10 430	19 096
<b>Payments</b>				
Suppliers and employees	(438 872)	(938)	(1 095)	(464 873)
Finance charges	(1 000)	(587)	(14 394)	(651)
Transfers and Grants	–	–	–	–
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>84 032</b>	<b>543 199</b>	<b>576 398</b>	<b>81 900</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	–	–	–	–
Decrease (Increase) in non-current debtors	–	–	–	–
<b>Payments</b>				
Capital assets	(60 065)	(81 321)	(90 639)	(83 389)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(60 065)</b>	<b>(81 321)</b>	<b>(90 639)</b>	<b>(83 389)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans	–			–
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits	1 023	–	–	731
<b>Payments</b>				
Repayment of borrowing	(3 818)	–	3 000	(2 477)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(2 795)</b>	<b>–</b>	<b>3 000</b>	<b>(1 745)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>21 173</b>	<b>461 878</b>	<b>488 759</b>	<b>(3 234)</b>
Cash/cash equivalents at the year begin:	76 333	97 506	97 506	97 506
Cash/cash equivalents at the year end:	<b>97 506</b>	<b>559 384</b>	<b>586 265</b>	<b>94 272</b>
Source: MBRR SA7				T5.9.1

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## 5.11 GROSS OUTSTANDING DEBTORS PER SERVICE

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	(R'000)					
2017/18	23 957	92 869	54 825	1 199	3 804	176 654
2018/19	26 671	107 726	69 199	1 526	4 737	209 859
Difference	2 714	14 857	14 374	327	933	33 205
% growth year on year	11%	16%	26%	27%	25%	19%

*Note: Figures excludes provision for bad debt*

## 5.12 TOTAL DEBTORS AGE ANALYSIS

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2017/18	47 169	5 090	3 806	120 589	176 654
2018/19	48 353	7 281	3 655	150 570	209 859
Difference	1 184	2 191	(151)	29 980	33 205
% growth year on year	3%	43%	-4%	25%	19%

*Note: Figures excludes provision for bad debt*

The Auditor-General of South Africa has, in its report on the 2018/2019 financial statements of the Municipal Council, has emphasised the municipality has provided for an impairment of R131,6 million (2017-18: R101,4 million) on receivables from exchange transactions and for impairment of receivables from non-exchange transactions of R36,1 million (2017-18: R47 million).

The gross outstanding service debtors in total increased with 19% in relation to the 2017/2018 financial year. The main contributing factor for the increase is the due to the increase in indigent households

The leading contributors to the outstanding debt are water, sanitation and refuse.

The effective implementation of the Credit Control Policy in areas where Eskom is a supplier of electricity is playing a major role in the escalation of the service debtors. Council has approved that prepaid water meters be installed in these areas which will assist in the recouping of the service charges. Council is also investigating the possibility of implementing an Revenue Enhancement Strategy

The majority of households are working in the Agricultural sector of which a major portion thereof is seasonal workers. This has a direct impact on the ability of consumers to pay for municipal services

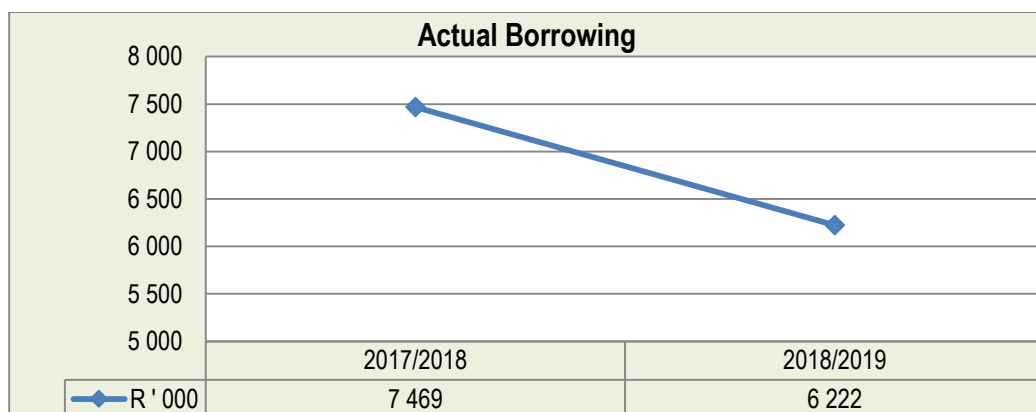
Concerted efforts are being made to recover debts older than 90 days,

## 5.13 BORROWINGS AND INVESTMENT

### 5.13.1 Actual Borrowings

Instrument	2017/2018	2018/2019
	R'000	
Long(Term Loans (annuity/reducing balance)	7 469	6 222
Long(Term Loans (non(annuity)	0	0
Local registered stock	0	0
Instalment Credit	0	0
Financial Leases	0	0
PPP liabilities	0	0
Finance Granted By Cap Equipment Supplier	0	0
Marketable Bonds	0	0
Non(Marketable Bonds	0	0
Bankers Acceptances	0	0
Financial derivatives	0	0
Other Securities	0	0
<b>Municipality Total</b>	<b>7 469</b>	<b>6 222</b>

The following graph shows the municipal actual borrowings for the past two years:



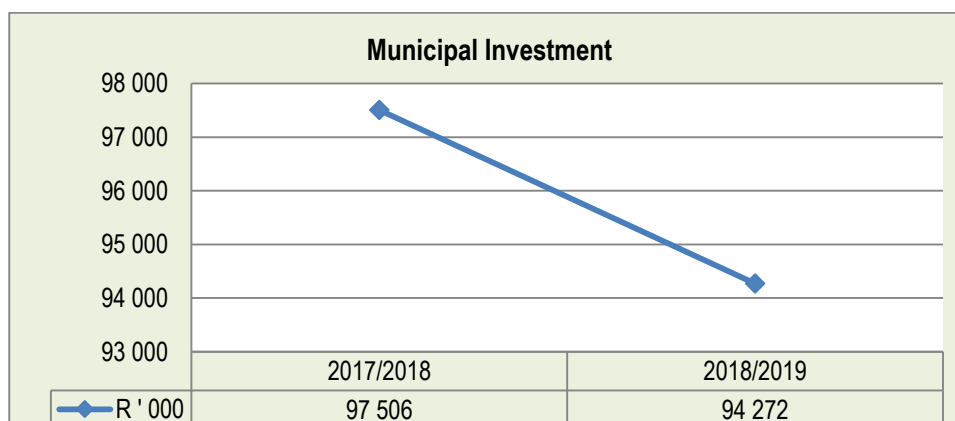


# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## 5.13.2 Municipal Investments

Investment type	2017/2018	2018/2019
	R'000	R'000
Securities ( National Government	-	-
Listed Corporate Bonds	-	-
Deposits ( Bank	97 506	94 272
Deposits ( Public Investment Commissioners	-	-
Deposits ( Corporation for Public Deposits	-	-
Bankers Acceptance Certificates	-	-
Negotiable Certificates of Deposit ( Banks	-	-
Guaranteed Endowment Policies (sinking)	-	-
Repurchase Agreements ( Banks	-	-
Municipal Bonds	-	-
Other	-	-
<b>Municipality Total</b>	<b>97 506</b>	<b>94 272</b>

Witzenberg Municipality needs to increase the available investments in order to be financially more viable. This can only be achieved if the payment for rates and taxes improve.



# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

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## COMPONENT D: OTHER FINANCIAL MATTERS

### **5.14    *SUPPLY CHAIN MANAGEMENT***

Witzenberg Municipality implemented policies and practices in compliance with the guidelines stipulated by the SCM Regulations 2005. No councillors are members of any committees handling supply chain processes.

### **5.15    *GRAP COMPLIANCE***

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the accounting standards by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders.

## **CHAPTER 6 – AUDITOR-GENERAL AUDIT FINDINGS**

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## COMPONENT A: AUDITOR-GENERAL OPINION 2018/19

### 6.1 AUDITOR-GENERAL REPORTS 2017/18

Auditor-General Report on Financial Performance 2017/18	
Status of the audit report:	Unqualified
Issue raised	Corrective step implemented
<u>Emphasis of matter:</u>	
<u>Material impairments</u>	
As disclosed in notes 3 to the financial statements, the municipality has provided for an impairment of R101 ,4 million (2016-17: R129,4 million) on receivables from exchange transactions.	Water management devices were procured and will be installed to help consumers to manage their water consumption.
As disclosed in note 4 to the financial statements, the municipality has provided for impairment of receivables from non-exchange transactions amounting to R68 million (2016-17: R53,5 million).	The bulk of the outstanding receivables from non-exchange transactions are in respect of traffic fines. A report must be submitted to Council to consider the write off of irrecoverable fines.
<u>Restatement of corresponding figures</u>	
As disclosed in note 37 to the financial statements, the corresponding figures for 30 June 2017 have been restated as a result of the municipal standard charts of account (mSCOA) implementation and errors discovered during 2017-18 in the financial statements of the municipality for the year ended 30 June 2018.	None

### 6.2 AUDITOR-GENERAL REPORTS 2018/19

Auditor-General Report on Financial Performance 2018/19	
Status of the audit report:	Unqualified
Issue raised	Corrective step implemented
<u>Emphasis of matter:</u>	
<u>Material impairments</u>	
As disclosed in note 3 to the financial statements, the municipality has provided for an impairment of R131,6 million (2017-18: R101,4 million) on receivables from exchange transactions	Water management devices were procured and will be installed to help consumers to manage their water consumption.
As disclosed in note 4 to the financial statements, the municipality has provided for impairment of receivables from non-exchange transactions of R36,1 million (2017-18: R47 million).	The bulk of the outstanding receivables from non-exchange transactions are in respect of traffic fines and property rates. Fines is the bulk of the outstanding not recovered will be written off in terms of communication from National Prosecution Authority. Stringent collection processes needs to be implemented for the recovery of property rates.
<u>Restatement of corresponding figures</u>	
As disclosed in note 37 to the financial statements, the corresponding figures for 30 June 2018 have been restated as a result of errors discovered during 2018-19 in the financial statements of the municipality for the year ended 30 June 2019	None

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## LIST OF ABBREVIATIONS

<b>AG</b>	Auditor-General	<b>MMC</b>	Member of the Mayoral Committee
<b>CAPEX</b>	Capital Expenditure	<b>MIG</b>	Municipal Infrastructure Grant
<b>CBP</b>	Community Based Planning	<b>MM</b>	Municipal Manager
<b>CFO</b>	Chief Financial Officer	<b>MRF</b>	Material Recovery Facilities
<b>DPLG</b>	Department of Provincial and Local Government	<b>MSA</b>	Municipal Systems Act No. 32 of 2000
<b>DWA</b>	Department of Water Affairs	<b>MTECH</b>	Medium Term Expenditure Committee
<b>EE</b>	Employment Equity	<b>NGO</b>	Non-governmental organisation
<b>GAMAP</b>	Generally Accepted Municipal Accounting Practice	<b>NT</b>	National Treasury
<b>GRAP</b>	Generally Recognised Accounting Practice	<b>OPEX</b>	Operating expenditure
<b>HR</b>	Human Resources	<b>PMS</b>	Performance Management System
<b>IDP</b>	Integrated Development Plan	<b>PPP</b>	Public Private Partnership
<b>IFRS</b>	International Financial Reporting Standards	<b>PT</b>	Provincial Treasury
<b>IMFO</b>	Institute for Municipal Finance Officers	<b>SALGA</b>	South African Local Government Organisation
<b>KPA</b>	Key Performance Area	<b>SAMDI</b>	South African Management Development Institute
<b>KPI</b>	Key Performance Indicator	<b>SCM</b>	Supply Chain Management
<b>LED</b>	Local Economic Development	<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>MAYCO</b>	Executive Mayoral Committee	<b>SDF</b>	Spatial Development Framework
<b>MFMA</b>	Municipal Finance Management Act (Act No. 56 of 2003)		

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## APPENDICES

### APPENDIX A: Councillors; Committee Allocation and Council Attendance

See also Chapter 2.1.1 of Annual Report

Name of Councillor / Alderman	Capacity	Committee	% Attendance of Council Meetings 2018/19
TE Abrahams	Mayco Member / Councillor	Local Economic Development, Tourism and Marketing	100%
K Adams	Deputy Executive Mayor / Alderman	Community Development	89%
P Daniels	Councillor	Community Development	89%
TT Godden	Speaker / Alderman		100%
P Heradien	Councillor	Local Economic Development, Tourism and Marketing	56%
SJ Hugo	Councillor (01/07/2018 – 28/08/2018)	Corporate and Financial Services	0%
DM Jacobs	Councillor	Technical Services	100%
D Kinnear	Councillor	Corporate and Financial Services	100%
BC Klaasen	Executive Mayor / Councillor		89%
GG Laban	Councillor	Community Development	89%
C Lottering	Councillor	Local Economic Development, Tourism and Marketing	89%
M Mdala	Councillor	Technical Services	56%
TP Mgoboza	Councillor	Corporate and Financial Services	89%
ZS Mzaenziwa-Mdishwa	Councillor	Housing Matters	89%
MJ Ndaba	Councillor (05/12/2018 – 30/06/2019 )	Corporate and Financial Services	33%
N Phatsoane	Councillor	Community Development	89%
JT Phungula	Alderslady	Housing Matters	67%
JW Schuurman	Alderman	Corporate and Financial Services	55%
EM Sidego	Mayco Member / Councillor	Housing Matters	100%
RJ Simpson	Councillor	Technical Services	67%
HJ Smit	Mayco Member / Alderman	Corporate and Financial Services	89%
D Swart	Councillor	Technical Services	78%
HF Visagie	Councillor	Local Economic Development, Tourism and Marketing	44%
JJ Visagie	Mayco Member / Alderman	Technical Services	89%

Council Meeting dates	Number of items submitted	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
25 July 2018	45	91%	50%
23 August 2018	5	70%	85%
31 October 2018	52	83%	75%
6 December 2018	17	70%	43%
8 January 2018	2	96%	100%
23 January 2019	15	74%	67%
27 February 2019	23	78%	100%
26 March 2019	12	83%	75%
30 May 2019	28	78%	60%

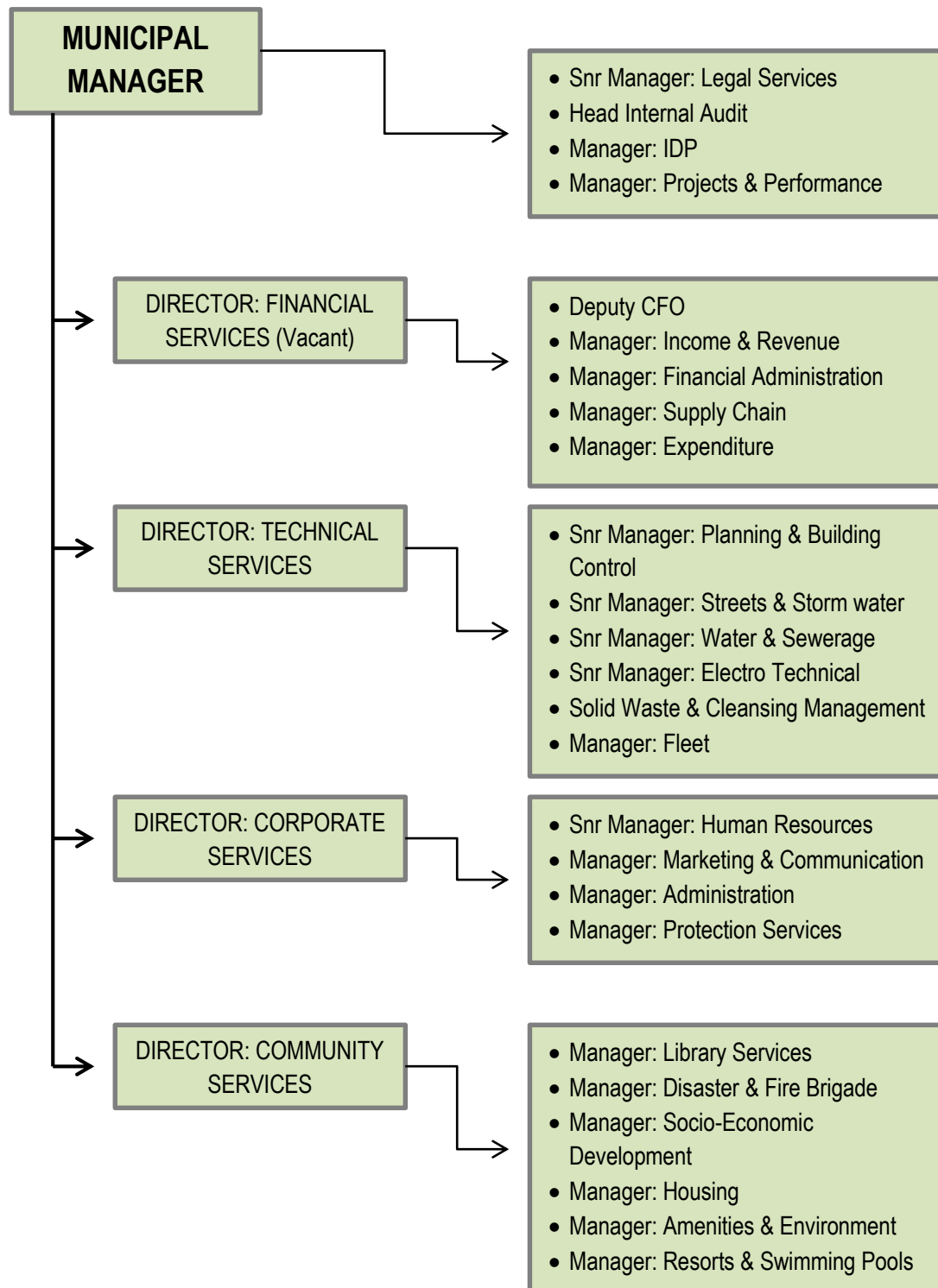
# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## APPENDIX B: Committees & Committee Purposes

See also Chapter 2.1.1 of Annual Report

Name of Committee	Purpose
Corporate and Financial Services	Administrative & Financial Support Services Traffic (finances) Information Technology IDP & Public Participation Labour Relations Human Resources Budget, Insurance, Assets & Valuations Supply Chain Management Internal Audit Property Management Performance Management Archives Industrial Development
Housing Matters	Housing Management Needs determination Community Participation (Housing) Placement & Allocation Project Management (Housing) Lease & Subsidy Administration Illegal Occupancy & Squatter Control
Local Economic Development, Tourism & Marketing	Local Economic Development Marketing Communication Tourism Museums
Technical Services	Cleansing & Solid Waste Expanded Public Works & Infrastructure Electricity Mechanical Services Civil Services Water & Sanitation Roads & Storm Water Project Management Town Planning & Land Use Building Control
Community Development	Protection Services Traffic Fire Fighting Disaster Management Social Services Child Care Facilities Elderly Support Community Safety Youth Development Night Shelter Stray Animal Management Law Enforcement Library Services Municipal Facilities & Community Halls Parks & Sport Facilities Cemeteries Resorts & Swimming Pools Non-Governmental Organisations Socio-Economic Development Environmental Management Public Transport

## APPENDIX C: Third Tier Administrative Structure





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## APPENDIX D: Functions of the Municipality

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function: Yes / No
<b>Constitution Schedule 4, Part B functions:</b>	
Air pollution	Yes
Building regulations	Yes
Child care facilities	No (support)
Electricity and gas reticulation	Yes
Fire fighting services	Yes
Local tourism	No (support)
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	No (only planning & operating licenses)
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Storm water management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
<b>Constitution Schedule 5, Part B functions:</b>	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes

## WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

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Municipal Function	Municipal Function: Yes / No
Noise pollution	Yes
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## APPENDIX E: Ward Committee Governance & Functionality

Ward committee members are paid a monthly stipend and transport is provided, where necessary. This stipend is to aid ward committee members with attend meetings and functions where public participation, through the ward committee system, is required.

Venues have been established for the ward meetings and support personnel. The Community Liaison Officers and Community Development Workers are available for support, if necessary. Refreshments are provided at the ward committee meetings.

The table below provides information on the establishment of ward committees and their functionality:

Ward Number	Committee established: Yes / No	Number of reports submitted to the Speakers/IDP Office	Number meetings held during the year	Committee functioning effectively: Yes / No
1	Yes	6	9	Yes
2	Yes	6	10	Yes
3	Yes	8	9	Yes
4	Yes	4	9	Yes
5	Yes	4	6	Yes
6	Yes	6	8	Yes
7	Yes	5	9	Yes
8	Yes	8	12	Yes
9	Yes	3	5	Yes
10	Yes	6	10	Yes
11	Yes	5	10	Yes
12	Yes	4	8	Yes

The table below provides information on each ward with regards to representatives and the capacity representing:

Ward 1: N'Duli (Polo Cross Hall)

Name of representative	Capacity representing	Number meetings held during the year
Sipho Mdange	Sport & Culture	9
Cynthia Davids	Health & Social	
Raymond Stuurman	Safety	
Andile Gili	Youth	
Mandisa Hinana	Education	
Kenneth Mbangula	Business Community	
Noxolo Mbali	Women	

## WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

Name of representative	Capacity representing	Number meetings held during the year
Thubalakhe Mhlakwapalwa	Churches	
Johannes Busakwe	Civics & Taxes	
Lungisile Kondlo	Disabled& Elderly	

### Ward 2: Wolseley (Montana Library)

Name of representative	Capacity representing	Number meetings held during the year
	Safety	10
Audrey Longman	Education	
Lucille Classen	Health & Social	
Elizabeth Van Rooyen	Disability & Eldery	
Annemien Bezuidenhout	Civics & Taxes	
Elizabeth Wynand	Women	
Katrina Van Rensburg	Business Community	
Cornelia Moses	Youth	
Adan Maarman	Sport & Culture	
Brian Albertus	Churches	

### Ward 3: Ceres (Rietvallei Library)

Name of representative	Capacity representing	Number meetings held during the year
Adriaan Williams	Business Community	9
Mark Mentoer	Health & Social	
Marinda Mankapan	Women	
Hendrik Titus	Churches	
Lorencia Jacobs	Safety	
Mariaan Van Rooi	Youth	
Elizabeth Velensky	Disabled & Elderly	
Saartjie Franse	Sport & Culture	
Amanda Whitebooi	Education	
Ronald Ross	Civics & Taxes	

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## Ward 4: Prince Alfred's Hamlet (Kliprug Community Hall)

Name of representative	Capacity representing	Number meetings held during the year
Alma Goosen	Business Community	9
David Mentoor	Civics & Taxes	
Johan Jacobs	Youth	
Jane Haas	Women	
	Safety	
Anneline Smit	Churches	
Jerome Barends	Sport & Culture	
Moses Davids	Health & Social	
Jacobus de Wee	Disabled & Elderly	
Le-Marco Smit	Education	

## Ward 5: Ceres (John Steyn Library)

Name of representative	Capacity representing	Number meetings held during the year
Hyno Baartman	Health & Social	6
Amelia Abrahams	Disabled & Elderly	
Angeline Wildschut	Youth	
Marius Koopman	Civics & Taxes	
Rudolf Nel	Sport & Culture	
Fiona Hardneck	Churches	
Sylvia Cupido	Women	
Jonathan Nel	Safety	
Ronnie Philander	Education	
Alistair Nasson	Business & Community	

## Ward 6: Bella Vista (Bella Vista Library)

Name of representative	Capacity representing	Number meetings held during the year
Frederika Koopman	Youth	8
Joey Jantjies	Churches	
Melanie Bé	Disabled & Elderly	
Sara Krotz	Sport & Culture	
Chantel Pietersen	Health & Social	

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Name of representative	Capacity representing	Number meetings held during the year
Johannes Crotz	Safety	
Oelsen Seroot	Business & Community	
Sylvia Minnaar	Women	
Letichia Crotz	Education	
Alwyn Fransman	Civics & Taxes	

### Ward 7: Wolseley (Montana Library)

Name of representative	Capacity representing	Number meetings held during the year
Deborah Hlongwana	Churches	9
Magdalena Julius	Business Community	
Jacqueline Fortuin	Youth	
Edward Nchephe	Safety	
Kenneth Carelse	Sport & Culture	
Paulina Basson	Health & Social	
Anne Swarts	Women	
Lambertus Johnson	Civics & Taxes	
Piet Klink	Disable & Elderly	
	Education	

### Ward 8: Op -Die-Berg (Op-die-Berg Aksent Office)

Name of representative	Capacity representing	Number meetings held during the year
Brendon Maqhina	Disable & Elderly	12
Lena Pieters	Sport & Culture	
Ayanda Teni	Business Community	
Magrieta Baardman	Women	
Elzaan Ruiters	Youth	
Lagina Baleni	Churches	
Albertus Nel	Safety	
Chriszelda Mars	Health & Social	
Gert Jantjies	Education	
Johannes Fransman	Civic & taxis	

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### Ward 9: Op-die-Berg

Name of representative	Capacity representing	Number meetings held during the year
Francic Mackenzie	Churches	5
Carlo Galant	Health & Social	
Ndelelo Shweni	Disabled & Elderly	
Annie Jansen	Women	
Tom Persens	Education	
Jika Bongiswa	Civics & Taxes	
Mzwandile Phuphuma	Safety	
Aneline Arries	Youth	
	Business Community	
Chrisjan Fortuin	Sport & Culture	

### Ward 10: PA Hamlet (Council Chambers)

Name of representative	Capacity representing	Number meetings held during the year
	Youth	10
	Women	
Sophia De Bruin	Health & Social	
Juliana Appollis	Civics & Taxes	
Clive Young	Education	
Berend Skippers	Sport & Culture	
Bruce Salvester	Business Community	
Jacob Faro	Churches	
Leonard Baardman	Safety	
Clara Swarts	Disable & Elderly	

### Ward 11: Tulbagh (Council Chamber)

Name of representative	Capacity representing	Number meetings held during the year
Sittimio Louw	Education	10
Jonathan Fransman	Sport & Culture	
Gerald Davids	Sport & Culture	
Rosina Jooste	Churches	

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Name of representative	Capacity representing	Number meetings held during the year
Raymond Malapo	Women	
Ann Myburgh	Disabled & Elderly	
Daniel Thomas	Civics & Taxes	
Nceba Nyosana	Youth	
Theo Lombaard	Business Community	
Sittimio Louw	Safety	

Ward 12: N'Duli (Community Hall)

Name of representative	Capacity representing	Number meetings held during the year
Zingiswa Senoamali	Education	8
Mncedisi Gili	Disabled & Elderly	
Jevon Lukas	Churches	
Thembakazi Ncaphayi	Health & Social	
Kholekile Mrwetyana	Business Community	
Humphry Ndwanya	Safety	
Namhla Mdala	Sport & Culture	
N Ruth Yisa	Women	
Siyabonga Gaba	Civics & Taxes	
Bulelwa Mzwakali	Youth	

Ward Number	Committee established: Yes / No	Number of reports submitted to the Speakers/IDP Office	Number meetings held during the year	Committee functioning effectively: Yes / No
1	Yes	6	9	Yes
2	Yes	6	10	Yes
3	Yes	8	9	Yes
4	Yes	4	9	Yes
5	Yes	4	6	Yes
6	Yes	6	8	Yes
7	Yes	5	9	Yes
8	Yes	8	12	Yes
9	Yes	3	5	Yes



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Ward Number	Committee established: Yes / No	Number of reports submitted to the Speakers/IDP Office	Number meetings held during the year	Committee functioning effectively: Yes / No
10	Yes	6	10	Yes
11	Yes	5	10	Yes
12	Yes	4	8	Yes

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## APPENDIX F: Service delivery performance at Ward level

Basic service provision per ward/town (within urban edge).

Wards	Town	Nr. of Accounts				*Informal Households	Housing Waiting List
		Water	Sanitation	Electricity	Refuse		
1,12	Nduli	1 119	1 126	1 745	1 113	1 096	1 524
3,5	Ceres	2 381	2 734	3 332	3 079		2 256
4,6	Bella Vista	2 554	2 579	2 533	2 568		
4,10	Hamlet	1 374	1 342	ESKOM	1 331		1 152
9	Op-Die-Berg	543	475	ESKOM	520		820
7,11	Tulbagh	1 826	1 835	2 244	1 920	812	1 031
2,7	Wolseley	2 550	2 606	2 750	2 620	1 059	1 343
TOTALS		12 347	12 697	12 604	13 151	2 967	9 546

\*Informal Households – nr of households in informal areas (excluding backyarders)

Top four service delivery priorities per ward/town.

Wards	Town	Priority Name & Detail	Progress During 2018/19
1,12	Nduli	Sewer network needs to be improved	Periodic maintenance. Overload will decrease with re-establishment of informal settlement.
		Sports grounds needs to be restored/ upgraded	On-going vandalism & theft prohibits restoration
		Electrical theft needs to be clamped down	Illegal connections remain high priority to be addressed through newly developed Illegal electricity connection & theft strategy
		Provide street/security lights in unsafe areas	Periodic maintenance.
3,5	Ceres	Weekends the Town Main Roads have too much traffic	Spatial Development Plan in progress
		Housing need	635 Serviced sites completed & top structures being developed at Vredebes
		Rotational skip removal	New Waste Management Policy
		Playgrounds	Borehole for park irrigation
4,6	Bella Vista	Gang activity becoming a problem	Increasing law enforcement & coordination with SAPS
		Vandalizing of Municipal property	Increasing law enforcement & coordination with SAPS
		Business hub/mini CBD for Bella Vista	Discussions with Rural Development for funding
		Clamp down on illegal dumping of refuse.	New Waste Management Policy
4,10	Hamlet	Animal control in all areas	Increased law-enforcement
		Business hub/mini CBD for Kliprug area	Spatial Development Plan in progress
		Xhosa medium school for PA Hamlet area	Conveyed to Provincial Government
		Housing need	Development at Vredebes
9	Op-Die-Berg	The location of public ablutions facilities in the CBD area	New ablutions budgeted for in 2019/20
		More municipal services to be rendered at Op Die Berg offices	New office opened at Nuykintaba Hall
		Illegal shebeens need to be closed	Continued law enforcement & inspections
		Speed calming still a problem	Increased law enforcement
7,11	Tulbagh	More ablation facilities needed in Chris Hani area, and ASLA Camp	Upgrade of Informal Settlements project underway for Chris Hani
		Informal households utilising storm water as a means to dump their grey water & waste water, which contaminates river. Storm water network in	Formal housing to be included in housing pipeline to alleviate problem.

## WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

		Tulbagh needs to be maintained regularly	
		Sewerage network in Chris Hani area needs to be maintained regularly	Periodic maintenance
		Speed calming needed along main street walkway routs	Increased law-enforcement
2,7	Wolseley	Taxi rank placements to be investigated	Spatial Development Plan in progress
		Public bathroom facilities in the CBD	Spatial Development Plan in progress
		Back yard dwellers still a problem, housing need	Housing project planned for 2020/21
		Illegal shebeens need to be closed	Continued law enforcement and inspections

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## APPENDIX G: Audit Committee recommendations

Date of the PRAC meetings	Committee recommendations during 2018/19	Recommendations adopted (enter Yes) If not adopted (provide explanation)
21 Sep 18	That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that notice be taken of the Annual Risk Assessment Report and same be accepted.	Yes
21 Sep 18	That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that notice be taken of the Section 71 monthly reports of the Directorate Finance for April, May and June 2018 and same be accepted.	Yes
21 Sep 18	That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that notice be taken of the Section 71 monthly reports of the Directorate Finance for July and August 2018 and same be accepted.	Yes
21 Sep 18	That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that notice be taken of the Internal Audit Overtime Report and same be accepted.	Yes
21 Sep 18	That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that notice be taken of the Quarterly Section 52(d) report of the Executive Mayor on the implementation of the budget and state of affairs of the municipality for the third quarter of 2017/2018 and same be accepted.	Yes
21 Sep 18	That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that notice be taken of the Quarterly Budget Statement [Section 52(d)] report for the fourth quarter of 2017/2018 and same be accepted.	Yes
21 Sep 18	That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that notice be taken of the annual review of the Internal Audit Charter for the period 1 July 2018 until 30 June 2019 and same be accepted.	Yes
21 Sep 18	That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that notice be taken of the annual review of the Performance, Risk and Audit Committee Charter for 2018/2019 and same be accepted.	Yes
21 Sep 18	That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that notice be taken of the Internal Audit Report in respect of the year-end stock count for 2018 and same be accepted.	Yes
21 Sep 18	That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that notice be taken of the PRAC Performance evaluations for 2017/2018 and same be accepted.	Yes
21 Sep 18	That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that notice be taken of the Internal Audit Report in respect of the Compliance with Division of Revenue Act, 2017 (DORA) and same be accepted.	Yes
26 Oct 18	That the Performance, Risk and Audit Committee takes notice of the Fraud and Corruption Prevention Strategy and accepts same.	Yes
26 Oct 18	that the Performance, Risk and Audit Committee takes notice of the Fraud and Corruption Prevention Policy and Response Plan and same be	Yes

## WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

Date of the PRAC meetings	Committee recommendations during 2018/19	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	accepted.	
26 Oct 18	that the Performance, Risk and Audit Committee takes notice of the Whistle Blowing Policy and same be accepted.	Yes
26 Oct 18	That the Performance, Risk and Audit Committee to recommend to the Executive Mayoral Committee and Council that the Section 71 monthly report of the Directorate Finance for September 2018 be approved and accepted	Yes
26 Oct 18	That the Performance, Risk and Audit Committee takes notice of the Internal Audit Report in respect of Disaster Management Compliance and same be accepted.	Yes
26 Oct 18	That the Performance, Risk and Audit Committee takes notice of the Internal Audit Methodology, Supervision and Quality Control review and same be accepted.	Yes
26 Oct 18	That the Performance, Risk and Audit Committee takes notice of the Status of implementation report on the Internal Audit Risk Based Audit Plan (RBAP) for the first quarter of 2018/2019 and same be accepted.	Yes
11 Nov 18	To recommend to the Executive Mayoral Committee and Council that notice be taken of the AGSA Audit Report for 2017/2018 and same be accepted	Yes
11 Nov 18	That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council: that the Section 71 monthly report of the Directorate Finance for October 2018 be noted and accepted.	Yes
11 Nov 18	that the Performance, Risk and Audit Committee finalise the Performance, Risk and Audit Committee report and submit the signed report to the Municipal Manager for attachment to the final Annual Report 2017/2018	Yes
08 Feb 19	To recommend to the Executive Mayoral Committee and Council that notice be taken of the Section 71 Monthly Budget Statement Reports for November and December 2018 and same be approved and accepted.	Yes
08 Feb 19	The Performance, Risk and Audit Committee advised that Council look at the matter of debt on a regular basis and reassess the situation and recommend to Executive Mayoral Committee and Council that the Performance, Risk and Audit Committee takes notice of Council's ad hoc committee on finance and advises that Council look on a regular basis at the matter of debt and reassess the situation.	Yes
17 May 19	That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that notice be taken of the Section 71 Monthly Budget Statement Reports of the Directorate Finance for January, February and March 2019 and, after consideration, same be approved and accepted.	Yes
17 May 19	That the Performance, Risk and Audit Committee recommends to the Executive Mayoral Committee and Council that notice be taken of the Quarterly Budget Statement [Section 52(d)] Report for the Third Quarter of 2018/2019 (1 January until 31 March 2019) and, after consideration, same be approved and accepted.	Yes

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## Audit Committee recommendations on Fraud & Financial Misconduct for 2018/19

Minutes: Performance, Risk & Audit Committee Meeting, 17 May 2019, Item 4.3

"The Performance, Risk and Audit Committee resolved on 8 February 2019 that matters of fraud be a standing item on the PRAC agenda.

The PRAC Charter states that the Performance, Risk and Audit Committee must:

1. Gain thorough understanding of the risk management policy, risk management strategy, risk management implementation plan, and fraud risk management policy of the institution to enable them to add value to the risk management process when making recommendations to improve the process;
2. Review the process implemented by Management in respect of fraud prevention and ensures that all fraud related incidents have been followed up appropriately.

The Audit Committee Annual Report guideline suggests reporting the following:

The municipality has adopted aggressive anti-corruption measures to curb the frequency and magnitude of fraud and corruption. The audit committee considered the quarterly reports from the forensic investigations unit of the municipality on the investigations conducted, the nature of the incidents and the outcomes of the investigations.

Based on the above-mentioned it is recommend that the Performance, Risk and Audit Committee consider the following to be added to the PRAC agenda (In-committee):

### **Heading: Fraud and financial misconduct**

In terms of the PRAC Charter the committee must:

Gain thorough understanding of the risk management policy, risk management strategy, risk management implementation plan, and fraud risk management policy of the institution to enable them to add value to the risk management process when making recommendations to improve the process;

Review the process implemented by Management in respect of fraud prevention and ensures that all fraud related incidents have been followed up appropriately.

The following related information is for consideration:

- HR register for case types fraud/theft and financial misconduct.
- Finance registers on Irregular, Fruitless and Wasteful expenditure ("None" will be reported if no cases were registered).
- Fraud Risk register (Risk and control).

The Performance, Risk and Audit Committee oversight and review over the anti-fraud policies will also take place under this heading.

- The Performance, Risk and Audit Committee requested that the Fraud and Risk registers be kept as separate and standing items on the agenda.
- That the municipality does not have a forensic investigations unit, but if needed, that the matter will be outsourced.
- That all theft matters be reported in the HR register.
- That matters of financial misconduct be regarded as much more serious.
- That fraud and financial misconduct be added to the PRAC agendas as a standing item with two sub-items, i.e HR register and
- Financial misconduct

### **RESOLVED**

*(a) that the Fraud and Risk registers be kept as two separate and standing items on the agenda.*

*(b) that the item on fraud will have two sub-items, namely:*

*(i) HR register and*

*(ii) Financial misconduct*

*(c) that the Performance, Risk and Audit Committee, after consideration, takes notice of the resolutions register and same be accepted.*

### APPENDIX H: Long Term Contracts and Public Private Partnerships

Only one long term contract for the provision of banking services as awarded to First National Bank under Bid nr. 08/2/15/23. No Public Private Partnership was entered to by end of June 2018/19.

## APPENDIX I: Service delivery performance of entities & service providers

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. A service provider:

- 🍎 means a person or institution or any combination of persons and institutions which provide to or for the benefit of the local community
- 🍎 External service provider means an external mechanism referred to in Section 76(b) which provides a municipal service for a municipality
- 🍎 Service delivery agreement means an agreement between a municipality and an institution or person mentioned in Section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

During the year under review, the municipality did not appoint any service providers who provided municipal services to or for the benefit of the local community on behalf of the municipality and thus, this report contains no information in this regard. All other contract appointments are regularly monitored in terms of Section 51(3) of the Supply Chain Management Policy which stipulates that vendor performance must be monitored as follows:

- 🍎 Each project manager shall monitor the supplier's compliance and performance to the set of specifications.
- 🍎 If the supplier fails to perform in accordance with the specification requirements, the project manager must report such failure to the supplier in writing immediately upon becoming aware of such non-compliance for them to correct the situation.

The above information will be kept and made available for future evaluation purposes, contract negotiations and regular feedback to vendors.

If vendors fail to deliver in terms of paragraph 23(1)(a) of the General conditions of the contract, the municipality reserves the right to make use of remedies at its disposal in terms of applicable law.



# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## APPENDIX J: Disclosure on Financial Interests

Schedule 1, Section 7 as well as Schedule 2, Section 5A of the Municipal Systems Act states that when a councillor is elected or appointed or a person appointed in terms of section 56 or a municipal manager, he or she must within 60 days declare in writing to the municipal manager or the chairperson of the municipal council the following financial interests held:

- shares and securities in any company;
- membership of any close corporation;
- interest in any trust;
- directorships;
- partnerships;
- other financial interests in any business undertaking
- employment and remuneration;
- interest in property;
- pension; and
- subsidies, grants and sponsorships by any organisation.

Any change in the nature or detail of the financial interests of any councillor or official must be declared in writing to the municipal manager or to the chairperson of the municipal council annually. The municipal Council must determine which of the financial interests referred in the above-mentioned list must be made public, whilst balancing the need for confidentiality and disclosure in the public interest.

The following table lists the disclosure of financial interests of the administrative and strategic role players of the municipality which were deemed to be disclosed for public interest:

Disclosures of Financial Interests		
2018/2019		
Name	Description of Financial interests*	
Executive Mayor		
Cllr BC Klaasens	Shares and securities in any	NASPERS and SASOL
	Directorships	Klaasen Incorporated
	Employment and Remuneration	Witzenberg Municipality; Klaasen Incorporated
	Property	2 Beets Street, Ceres 45 Trekker Street, Plettenberg Bay
	Pension	Consolidated Retirement Fund
Member of Mayoral Committee / Executive Committee		
Alderman K Adams	Employment and Remuneration	Witzenberg Municipality
	Property	853 Vrede Street, Bella Vista
	Pension	Consolidated Retirement Fund
Alderman T Godden	Share and Security in any company	Klein Begin Viswinkel
	Directorship	Klein Begin Viswinkel; Rimary Co-operative Limited
	Employment and Remuneration	Witzenberg Municipality
	Interest in Property	214 Hoop Street , Koue Bokkeveld
	Pension	Consolidated Retirement Fund

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

Disclosures of Financial Interests		
2018/2019		
Name	Description of Financial interests*	
Cllr TE Abrahams	Shares and securities in any	MTN; SASOL; Peninsula Hotel Time shares
	Close Corporation	Trevor Farming CC; Dwarsrivier Berries CC
	Interest in any trust	Abrahams Family Trust
	Directorships	Breede Gouritz Catchment Management Agency
	Employment and Remuneration	Witzenberg Municipality & Breede Gouritz Catchment Management Agency
	Property	7 Fortuin Street, Ceres, 1 Cloete Street, Ceres
	Pension	Consolidated Retirement Fund
Alderman HJ Smit	Employment and Remuneration	Witzenberg Municipality
	Property	28 Tall Timber Avenue, Ceres
	Pension	Consolidated Retirement Fund
Alderman JJ Visagie	Employment and Remuneration	Witzenberg Municipality
	Property	Skuinsbaai, Prince Alfred's Hamlet
	Pension	Consolidated Retirement Fund
Cllr EM Sidego	Employment and Remuneration	Witzenberg Municipality
	Property	9 Michael Street, Tulbagh
	Pension	Consolidated Retirement Fund
Councillor		
Cllr M Mdala	Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Cllr P Daniels	Employment and Remuneration	Witzenberg Municipality and Cape Wineland District Municipality
	Property	7th Avenue Wolseley
	Pension	Consolidated Retirement Fund
Cllr S Hugo (From 1 July 2018 until 28 Augustus 2018)	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Alderman J Schuurman	Employment and Remuneration	Witzenberg Municipality and Cape Wineland District Municipality
	Property	35 Long Street, Bella Vista
	Pension	Consolidated Retirement Fund
Cllr GG Laban	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Cllr Z Mzauziwa	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Cllr TP Mgoboza	Employment and Remuneration	Witzenberg Municipality

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

Disclosures of Financial Interests		
2018/2019		
Name	Description of Financial interests*	
	Pension	Consolidated Retirement Fund
Cllr Kinnear	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund & Telkom
	Property	3 Kort Street, Wolseley
Cllr DM Jacobs	Employment and Remuneration	Witzenberg Municipality
	Property	Co-Owner: 158 Phakamisa Street, Nduli Co-Owner: 26 Hollenbach Street, Worcester
	Pension	Consolidated Retirement Fund
Cllr C Lottering	Employment and Remuneration	Witzenberg Municipality
	Property	23 Belverdere Single, Wolseley
	Pension	Consolidated Retirement Fund
Cllr P Heradien	Shares and Securities in any company	Colbalt
	Employment and Remuneration	Witzenberg Municipality and Leasing of property, 44 Lyell Street Ceres
	Property	44 Lyell Street Ceres; 42 Lyell Street Ceres
	Pension	Consolidated Retirement Fund; ABSA Pension Fund
Cllr N Phatsoane	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Cllr H Visagie	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Alderdady JT Phungula	Employment and Remuneration	Witzenberg Municipality
	Property	8 Buckingham Street, Ceres
	Pension	Consolidated Retirement Fund
Cllr RJ Simpson	Employment and Remuneration	Witzenberg Municipality
	Pension	Consolidated Retirement Fund
Cllr D Swart	Shares and securities in any company	Crispy Farming
	Employment and Remuneration	Witzenberg Municipality and Cape Wineland District Municipality
	Property	2 St James Street, Ceres
	Pension	Consolidated Retirement Fund
Cllr M Ndaba (From 5 December 2018-)	Shares and securities in any	Disselfontein Eyethuintaba Farm Project
	Directorships	Disselfontein Eyethuintaba Farm Project
	Partnership	Partnership with Donkerbos Landgoed at Eyethuintaba Farm Project
	Employment and Remuneration	Donkerbos Landgoed and Witzenberg Municipality

## WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

Disclosures of Financial Interests		
2018/2019		
Name	Description of Financial interests*	
	Pension	Consolidated Retirement Fund
Chief Accounting Officer		
Mr D Nasson	Shares and securities in any company	Old Mutual
	Property	Residential
Chief Financial Officer		
Vacant		
Directors		
Mr JF Barnard	Property	Residential (Small Holding); Farm
Mr M Mpeluza	Property	Residential
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A		

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## APPENDIX K: Statements of Revenue Collection Performance by vote & source

### Revenue collection by vote

The table below indicates the Revenue collection performance by vote:

Vote Description	2017/18	2018/19		2018/19 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	(R'000)			(%)		
Vote1 - Executive and Council	-	-	-	1 143	-	-
Vote2 - Budget and Treasury Office	83 511	89 434	88 829	86 082	(3,75)	(3,09)
Vote3 - Corporate Services	755	1 416	1 516	23 966	1 592,36	1 480,73
Vote4 - Planning and Development	1 004	2 092	1 561	1 191	(43,06)	(23,69)
Vote5 - Public Safety	28 309	21 294	21 294	18 004	(15,45)	(15,45)
Vote6 - Health	-	-	-	-	-	-
Vote7 - Community and Social Services	81 107	99 164	98 241	96 746	(2,44)	(1,52)
Vote8 - Sports and Recreation	7 600	9 300	9 261	6 962	(25,15)	(24,83)
Vote9 - Housing	13 006	33 612	13 394	9 049	(73,08)	(32,44)
Vote10 - Waste Management	25 965	22 643	23 470	25 347	11,94	8,00
Vote11 - Road Transport	4 189	19 871	27 050	19 913	0,21	(26,38)
Vote12 - Waste Water Management	42 108	22 674	38 353	46 150	103,53	20,33
Vote13 - Water	67 545	52 679	54 716	49 654	(5,74)	(9,25)
Vote14 - Electricity	211 203	241 812	241 402	227 520	(5,91)	(5,75)
Vote15 - Environmental Management	2	12	952	88	628,90	(90,78)
<b>Total Revenue by Vote</b>	566 305	616 004	620 039	611 814	(0,68)	(1,33)
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						

### Revenue collection by Source

The table below indicates the Revenue collection performance by source for the 2018/19 financial year:

Vote Description	2017/18	2018/19		2018/19 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	(R'000)			(%)		
Property rates	63 835	70 128	68 317	69 879	(0,35)	2,29
Property rates - penalties & collection cha	671	-	-	1 133	-	-
Service Charges - electricity revenue	210 359	235 714	235 937	221 840	(5,89)	(5,97)
Service Charges - water revenue	45 429	41 882	42 180	35 547	(15,13)	(15,72)
Service Charges - sanitation revenue	26 997	17 387	18 116	24 904	43,23	37,46
Service Charges - refuse revenue	23 384	21 424	21 985	22 909	6,93	4,20
Service Charges - other	-	-	-	-	-	-
Rentals of facilities and equipment	5 990	10 198	10 198	5 441	(46,65)	(46,65)
Interest earned - external investments	8 122	8 194	8 194	8 551	4,35	4,35
Interest earned - outstanding debtors	10 373	7 457	7 457	9 413	26,23	26,23
Dividends received	-	-	-	-	-	-
Fines	23 670	18 904	18 904	13 452	(28,84)	(28,84)
Licences and permits	1 164	155	155	1 125	624,57	624,57
Agency services	3 586	8 293	8 293	3 789	(54,32)	(54,32)
Transfers recognised - operational	94 207	135 381	115 971	105 776	(21,87)	(8,79)
Other revenue	14 036	9 268	11 418	32 983	255,89	188,87
Gains on disposal of PPE	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	531 824	584 385	567 125	556 740	(4,73)	(1,83)
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## APPENDIX L: Conditional Grants excluding MIG

Conditional Grants: excluding MIG						
						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Regional Bulk Infrastructure Grant – DWS – Tulbagh Dam	0	2 500	2 500	n/a	100%	n/a
Public Transport Infrastructure and Systems Grant	2 346	2 346	2 116	90%	90%	n/a
Integrated National Electricity Programme	5 000	5 000	4 849	97%	97%	n/a
Human Settlement Development Grant	33 278	33 278	34 515	103%	103%	n/a
Expanded Public Works Programme	1 750	1 750	2 026	115%	115%	n/a
Libraries	9 342	9 342	8 426	90%	90%	n/a
District – Waste Water Management	500	500	525	105%	105%	n/a
Parks and Recreation	300	300	300	100%	100%	n/a
Total	52 516	55 016	55 257	100%	100%	
<p>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</p>						
						T L

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

APPENDIX M: New Capital works & renewal programme

APPENDIX N: Full programme of capital projects

APPENDIX O: Alignment of projects to wards

The following tables show the individual budgeted projects as allocated per ward:

(NOTE: Extract from the 2019/20 IDP Revision. Budget below only includes capital projects related to infrastructure upgrades to address backlogs.)

## Key Performance Area: 1. ESSENTIAL SERVICES

### Strategic Objective: 1.1 SUSTAINABLE PROVISION & MAINTENANCE OF BASIC INFRASTRUCTURE

Programme	Department	Project	Funding Source	Ward	Budget 2019-2020	Budget 2020-2021	Budget 2021-2022	Budget 2022-2023
1.1a Upgrading of bulk resources & infrastructure	Elec Admin	MV Substation Equipment	CRR	All	1 500 000		1 500 000	
	Sewerage	Aerator replacement programme	CRR	All	500 000		500 000	
	Sewerage	Refurbishment WWTW	CRR	All	600 000		750 000	
	Sewerage	Security upgrades	CRR	All	300 000	450 000		300 000
	Solid Waste	New Material Recovery Facility/Drop Off	Belgium	3	1 000 000			
	Water	Security upgrades	CRR	All	350 000	1 200 000		450 000
	Water	Tulbagh Dam	RBIG	11	16 931 304	20 000 000		
	Solid Waste	New Material Recovery Facility/Drop Off	MIG	All		15 000 000		
	Water	Op-Die-Berg Reservoir	MIG	8			7 500 000	
	Water	Tulbagh Reservoir	MIG	7,11			6 000 000	7 000 000
	Water	Tierhokskloof bulk pipeline	MIG	7				5 000 000
	Water	Tulbagh Dam (own)	CRR	7,11			5 000 000	
1.1b Upgrade & maintenance of network infrastructure	Elec Admin	Upgrade of LV Network Cables	CRR	All	1 000 000	1 000 000		1 000 000
	Elec Admin	MV Network Equipment	CRR	All	1 000 000	1 000 000	1 000 000	
	Elec Admin	Upgrade of MV Cables	CRR	All	60 000	800 000	550 000	
	Elec Admin	Tools & Equipment	CRR	All	160 000		100 000	
	Elec Str Lights	Upgrade of Streetlights	CRR	All	350 000	350 000	350 000	300 000
	Sewerage	Sewer Pumps-replacement	CRR	All	200 000	200 000	200 000	250 000
	Sewerage	Sewer Network Replacement	CRR	All	1 000 000	2 000 000	1 500 000	1 000 000
	Sewerage	Tools & Equipment	CRR	All	100 000	100 000	50 000	100 000
	Water	Infrastructure Management System	CRR	All	200 000		200 000	
	Water	Tools & Equipment- New	CRR	All	100 000	100 000	50 000	50 000
	Water	Network- Water Pipes & Valve Replacement	CRR	All	1 000 000	2 000 000	1 500 000	1 000 000
	Water	Grey Water System	CRR	All			3 000 000	
	Elec Admin	Electrical Network Refurbishment	CRR	All	1 200 000			1 500 000
	Water	Fencing	CRR	All	1 000 000			1 000 000
	Water	Vehicle replacement	CRR	All	10 000			
	Solid Waste	Drop-offs Transfer stations	CRR	All			3 000 000	4 000 000
	Solid Waste	30ton Bins & Truck For Mrf	CRR	All			3 500 000	

Programme	Department	Project	Funding Source	Ward	Budget 2019-2020	Budget 2020-2021	Budget 2021-2022	Budget 2022-2023
1.1c Transport management & road maintenance	Roads	Network streets	CRR	All	5 000 000	2 500 000	2 000 000	2 500 000
	Roads	Pedestrian Route along R46/Nduli	RSEP	1	870 000			
	Stormwater	Network - Storm Water Upgrading	CRR	All	450 000	450 000	450 000	450 000
	Roads	Upgrade Pavement Vosstr From Retief To	RSEP	5	2 608 000			
	Roads	Upgrade Pavement Vosstr From Retief To	CRR	5	1 400 000			
	Roads	New taxi facility Ceres	MIG	5		4 880 000	2 120 000	
	Roads	Upgrade Van Breda bridge	CRR	3,5		4 000 000		
	Roads	Tools & Equipment	CRR	All			50 000	50 000
	Roads	Pavement Upgrading	District	All	500 000			
	Roads	NMT Sidewalks Ceres	CRR	3,5			500 000	

### Strategic Objective: 1.2 PROVIDE FOR THE NEEDS OF INFORMAL SETTLEMENTS THROUGH IMPROVED SERVICES

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

Programme	Department	Project	Funding Source	Ward	Budget 2019-2020	Budget 2020-2021	Budget 2021-2022	Budget 2022-2023
1.2a Implementation of human settlement plan (serviced sites)	Elec Admin	Vredebes Electrical Network	INEP	5	2 608 696	5 565 218	4 347 826	3 500 000
	Elec Str Lights	Vredebes Streetlights	MIG	5	821 481			1 800 000
	Stormwater	Vredebes New Storm water Channel & Det	MIG	5	3 391 441			
	Roads	Vredebes Ph1 Busroutes	MIG	5	1 786 386			
	Roads	Nduli Housing Roads	IHHSDG	1,12			1 739 130	
	Sewerage	Nduli Housing Sanitation	IHHSDG	1,12			1 739 130	
	Water	Nduli Housing Sanitation	IHHSDG	1,12			1 739 130	
	Storm water	Nduli Housing Storm water	IHHSDG	1,12			1 739 130	
	Water	Vredebes Internal Bulk	MIG	5				750 000
	Storm water	Vredebes Internal Bulk	MIG	5				1 500 000
	Roads	Vredebes Internal Bulk	MIG	5				2 500 000
	Sewerage	Vredebes Internal Bulk	MIG	5				1 100 000
	Roads	Vredebes Access Collector	MIG	5				
	Roads	Vredebes Housing Roads	IHHSDG	5		10 000 000		
	Water	Vredebes Housing Water	IHHSDG	5		10 000 000		
	Storm water	Vredebes Housing Storm water	IHHSDG	5		10 000 000		
	Sewerage	Vredebes Housing Sewerage	IHHSDG	5		10 000 000		

Department	Unique number	Description	Funding Source	Amended Budget 2018/19	Actual as on 30/06/2019	Unspent	% Expenditure
Admin	20170609046569	Upgrade Council chambers	CRR	81 149	69 808	11 341	86%
Dir Corp	20170609046446	Office Equipment	CRR	260 000	212 034	47 966	82%
IT	20170609046467	IT Equipment	CRR	600 000	583 122	16 878	97%
Marketing & Cc	20170808070116	Camera and photographic equipment	CRR	23 774	23 774	-	100%
Marketing & Cc	20170808070119	Access Control - Furniture and Equipment	CRR	77 192	20 448	56 744	26%
Marketing & Cc	20170609046518	Signage & Billboards	CRR	156 919	103 310	53 609	66%
Totals				R 1 199 034	R 1 012 496	R 186 538	84%

Department	Unique number	Description	Funding Source	Amended Budget 2018/19	Actual as on 30/06/2019	Unspent	% Expenditure
Halls And Facilities	20170808070128	Ceres Town Hall: Aircons	CRR	500 000	20 592	479 408	4%
Halls And Facilities	20170609046590	Tulbagh Town Hall: Stage curtains	CRR	89 786	89 786	-	100%
Halls And Facilities	20170808070107	Equipment	CRR	64 197	63 398	799	99%
Dir Com	20170609046506	Office Equipment	CRR	30 000	26 804	3 196	89%
Enviroment	20170609046458	Develop Pound for stray animals	CRR	1 098 933	-	1 098 933	0%
Library	20180707024074	Upgrade Wolseley Library	Prov Grant	400 000	-	400 000	0%
Parks	20170808070041	Cherry picker	CRR	1 480 280	1 470 000	10 280	99%
Parks	20170808070080	Chainsaws	CRR	37 664	37 664	-	100%
Parks	20170609046470	Irrigation (kruispuite)	CRR	2 375	-	2 375	0%
Parks	20170808070104	Brushcutters	CRR	93 300	93 214	86	100%
Parks	20180707024065	Sportsground Development & Upgrading	CRR	637 197	636 907	290	100%
Parks	20170609046575	Resurface netball courts	CRR	290 000	289 910	90	100%
Parks	20170808070083	Plant & Equipment	CRR	91 809	90 156	1 653	98%
Pine Forest : Administration	20180707024002	Furniture Chalets	CRR	192 000	164 492	27 508	86%
Pine Forest : Administration	20170609046596	Plant & Equipment	CRR	220 000	187 261	32 739	85%
Swimming Pools	20170609046392	Eiland Swimming Pool	CRR	101 982	88 081	13 901	86%
Recreational Land	20190227983231	Upgrade of Sport Facilities	Prov Grant	260 869	260 869	-	100%
L E D	20170609046482	Skoonvlei Economic Hub	CRR	602 404	550 946	51 458	91%
Parks	20181207015944	Plant & Equipment	CRR	-	8 756	-8 756	#DIV/0!
Recreational Land	20190412024547	Upgrade of Sport Facilities	CRR	134 400	85 000	49 400	63%
Totals				R 6 327 196	R 4 163 836	R 2 163 360	66%

Unique number	Description	Funding Source	Amended Budget 2018/19	Actual as on 30/06/2019	Unspent	% Expenditure
20170808070062	Vredebes Electrical Network	INEP	4 347 826	4 135 778	212 048	95%
20180707023957	MV Substation Equipment	CRR	800 000	796 948	3 052	100%
20180707023960	Upgrade of LV Network Cables	CRR	1 450 000	1 362 702	87 298	94%
20180707023963	MV Network Equipment	CRR	2 480 000	2 411 159	68 841	97%
20180707023999	Upgrade of MV Cables	CRR	570 000	566 573	3 427	99%
20170609046557	Tools & Equipment	CRR	120 000	115 858	4 142	97%
20180707023966	Upgrade of Streetlights	CRR	537 000	535 337	1 663	100%
20190227983228	Vredebes Streetlights	CRR	852 092	852 091	1	100%
20180707023969	Vredebes Streetlights	MIG	708 741	708 333	408	100%
Totals			R 11 865 659	R 11 484 779	R 380 880	97%



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Unique number	Description	Funding Source	Amended Budget 2018/19	Actual as on 30/06/2019	Unspent	% Expenditure
20170808070071	Aerator replacement programme	CRR	625 000	625 000	-	100%
20180707023987	Vredebes Housing Sanitation	IHSDG	7 000 000	7 000 000	-	100%
20170609046431	Refurbishment WWTW	CRR	725 000	724 995	5	100%
20170609046494	Sewer Pumps-replacement	CRR	273 800	273 798	2	100%
20170609046527	Sewer Network Replacement	CRR	1 029 000	1 025 616	3 384	100%
20170609046539	Security upgrades	CRR	843 810	843 810	-	100%
20170609046551	Tools & Equipment	CRR	127 000	119 942	7 058	94%
Totals			R 10 623 610	R 10 613 161	R 10 449	100%

Unique number	Description	Funding Source	Amended Budget 2018/19	Actual as on 30/06/2019	Unspent	% Expenditure
20180707024011	Vredebes Housing Roads	IHSDG	8 163 613	8 163 613	0	100%
20180707024020	Upgrade Van Breda Bridge	Prov Grant	1 842 609	1 841 660	949	100%
20180707024026	Upgrade Van Breda Bridge	CRR	460 652	400 000	60 652	87%
20170609046409	Vredebes Acces Collector	MIG	10 360 611	10 360 611	0	100%
20170609046548	Rehabilitation - Streets Tulbagh	CRR	11 172 543	11 152 044	20 499	100%
20170609046440	Network streets	CRR	269 000	269 000	0	100%
20170609046563	Traffic Calming	CRR	150 000	150 000	0	100%
20170609046593	Digger loaders	Loans	1 000 000	991 000	9 000	99%
20180707024035	Vredebes Housing Storm water	IHSDG	4 000 000	4 000 000	0	100%
20180707024041	Vredebes New Storm water Chann	MIG	8 088 039	8 088 003	36	100%
20170609046635	Network - Storm Water Upgrading	CRR	300 000	300 000	0	100%
Totals			R 45 807 067	R 45 715 931	R 91 136	100%

Unique number	Description	Funding Source	Amended Budget 2018/19	Actual as on 30/06/2019	Unspent	% Expenditure
20170609046434	Op Die Berg Public Toilets	CRR	200 000	0	200 000	0%
20180707023993	New Material Recovery Facility/Drop Off	Belgium	621 180	621 180	0	100%
20170609046473	Vehicle Replacement Programme	Loans	550 000	509 375	40 625	93%
Totals			R 1 371 180	R 1 130 555	R 240 625	82%

Unique nr	Description	Funding Source	Amended Budget 2018/19	Actual as on 30/06/2019	Unspent	% Expenditure
20170609046503	Office Equipment (Director)	CRR	45 058	45 058	-	100%
20180707023978	Vredebes Housing Water	IHSDG	7 000 000	7 000 000	-	100%
20170609046626	Infrastructure Management System	CRR	526 519	526 519	-	100%
20170609046419	Tools & Equipment- New	CRR	100 000	99 980	20	100%
20170609046536	Security upgrades	CRR	710 538	710 538	-	100%
20170609046614	Network- Water Pipes & Valve Replacement	CRR	1 201 200	1 199 601	1 599	100%
20170609046578	Tulbagh Dam	RBIG	2 500 000	2 499 997	3	100%
20190625993803	Tulbagh Dam	CRR	30 000	29 180	820	97%
20180911065513	Grey Water System	CRR	500 000	456 600	-	91%
Totals			R 12 613 315	R 12 567 473	R 45 842	100%

## WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

### APPENDIX P: Schools & clinics with access to basic services

There are no service connection backlogs to schools and clinics within urban areas where Witzenberg Municipality are responsible for services. The situation of service connections in rural areas are however unknown.

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2016/17	Target for 2017/18	Overall actual performance for 2017/18	
FinInc17	Number of outstanding valid applications for water services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	0%	
FinInc18	Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	0%	
FinInc19	Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0.05%	<1%	0%	
FinInc20	Number of outstanding valid applications for refuse collection services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	0%	

### APPENDIX Q: Schools & clinics with access to basic services where other spheres of government are responsible for the provision

This Appendix relates to all service backlogs experienced by the community where another sphere of government is responsible for providing the service, this information is provided to assist the national and provincial departments improve planning, budgeting and implementation.

Information can however not be provided as the type of service, backlog & backlog criteria are unknown to the municipality.

### APPENDIX R: Declaration of Loans and Grants Made by the Municipality

No loans or grants were granted by the municipality.

## WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

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### APPENDIX S: Declaration of Returns not Made in due Time under MFMA s71

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year.

The Chief Financial Officer states that these data sets have been returned according to the reporting requirements/ with no exceptions for the 2018/19 financial year.

  
Signed (Acting Chief financial Officer)

A Raubenheimer

02/10/2019  
Date

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## APPENDIX T: National and Provincial Outcome for local government

This Appendix covers information not addressed in any of the other areas of the Annual Report, relating to municipal powers and functions that can be used by the National and Provincial Spheres to monitor and evaluate service delivery performance. This should indicate the progress to date, numbers and percentage achieved.

All major service delivery functions are measured through key performance indicators as reported on under Chapter 3.1.7.

The tables below provide the results on these indicators as well as reasons for under-performance where targets were not achieved.

### Actual strategic performance (Top Layer) and corrective measures that will be implemented

#### 1.1) Sustainable provision and maintenance of basic infrastructure

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2017/18	Target for 2018/19	Overall actual performance for 2018/19
TecDir1	% Expenditure on Maintenance Budget by Technical Directorate	Percentage of budget spent.	All	99% /99,8%	99%	99,6%
TecDir3	% Expenditure on Capital Budget by Technical Directorate	Percentage of budget spent.	All	96%/98%	96%	98,3%
TecWat21	Percentage compliance with drinking water quality standards.	Percentage compliance.	All	98%/100%	98%	100%
FinInc17	Number of outstanding valid applications for water services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	0%
FinInc18	Number of outstanding valid applications for sewerage services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	0%
FinInc19	Number of outstanding valid applications for electricity services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	0%
FinInc20	Number of outstanding valid applications for refuse collection services expressed as a % of total number of billings for the service.	Percentage of outstanding applications.	All	<1%/0%	<1%	0%
TecWat20	Decrease unaccounted water losses.	Percentage water losses.	All	18%/17,9%	18%	17,7%
TecEI37	Decrease unaccounted electricity losses.	Percentage electricity losses.	All	10%/9,9%	10%	10,5%
Reason for under-performance: Increase can be attributed mainly to the theft of electricity in the informal areas of Witzenberg.						
Corrective measures: Addressed in terms of the "Illegal Connection Strategy" that is in the process of being implemented.						
TecRo7	Kilometres of roads upgraded & rehabilitated	Kilometres of roads	All	3 / 4,4	3	7,3
Currently Witzenberg Municipality make use of an outdated Pavement Management system to indicate road resurfacing priorities. The update of the PMS is still on process. During the year, with the help of inspections, it came to the attention that certain road sections required immediate resealing due to their poor condition. The municipality undertook an in-house slurry surfacing project to address these issues, and this being the reason the target was over achieved.						

#### 1.2) Provide for the needs of informal settlements through improved services

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2017/18	Target for 2018/19	Overall actual performance for 2018/19
TecDir2	Number of subsidised serviced sites developed.	Number of serviced plots.	All	100/101	529	526
<p>Reason for under-performance:</p> <p>The total number of serviced sites in the project was reduced due to adverse geotechnical conditions in some areas. Original project approval was for 635 sites that have been reduced to 627 sites due to adverse geotechnical conditions. Of the 627 sites, 101 sites were completed in 2017/18, with the result of 526 sites in 2018/19.</p>						
<p>Corrective measures:</p> <p>The decrease in number of serviced sites was only implemented after the February 2019 adjustment budget and the indicator target could therefore not be aligned. An addendum will be provided by the Department of Human Settlements to the existing project approval indicating that the project sites have been reduced.</p>						
<p>Note: Key Performance Indicator was adjusted as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.2 of meeting held on 27/02/2019.</p> <p>Motivation: The target relates to the construction of serviced sites at the Vredebes subsidised housing development Phase F1 (Project 3199.03). Project approval from the Department of Human Settlements was received on 25/01/2018 with resolution nr 18/03. The project of 635 sites is being implemented over two financial years. In 2017/18, 101 sites were reported to be completed. The target is there for adjusted to less than the remainder of the approved sites as the possibility exists that some sites may not be developed due to geotechnical constraints. The new target is however an increase to the existing target.</p>						
TecWat22	Provide basic services - number of informal areas with sufficient communal water services points (taps).	Number of informal areas.	All	3/3	3	3
<p>Note: The indicator measures the availability of water within 200m in the three informal areas located in Nduli, Tulbagh &amp; Wolseley. A land invasion took place at Pine Valley, Wolseley where 228 (436 current) illegal informal structures were erected and occupied. The construction of serviced sites in the area were planned for over the long term as all planning and funding for the next 3 years is focused on the Vredebes development at Ceres. These 228 (436 current) structures were therefor not included in the result above.</p>						
TecSan13	Provide basic services - number of informal areas with sufficient communal sanitation services points (toilets).	Number of informal areas.	All	3/3	3	3
<p>Note: The indicator measures the availability of water within 200m in the three informal areas located in Nduli, Tulbagh &amp; Wolseley. A land invasion took place at Pine Valley, Wolseley where 228 (436 current) illegal informal structures were erected and occupied. The construction of serviced sites in the area were planned for over the long term as all planning and funding for the next 3 years is focused on the Vredebes development at Ceres. These 228 (436 current) structures were therefor not included in the result above.</p>						
TecRef31	Improve basic services - number of informal settlements receiving a door-to-door refuse collection and area-cleaning service.	Number of informal areas.	All	3/3	3	3
TecEI36	Percentage of houses in a subsidised housing project connected to the electrical network.	Percentage of subsidised houses connected.	All	200/189	95%	No applications received
<p>No valid connection applications was received by 30 June 2019, therefor, no connections were done.</p> <p>Note: Key Performance Indicator was adjusted as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.2 of meeting held on 27/02/2019.</p> <p>Motivation: The reason for the change is that the relevant department for the KPI is dependent on the Housing Department &amp; Contractor to submit to them valid applications where electrical connections can be done. Various delays such as construction period and/or handover to beneficiaries cannot be managed by the electrical department. The KPI is therefore changed to a percentage of valid applications that should be connected.</p>						

## 2.1) Support Institutional transformation and development

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2017/18	Target for 2018/19	Overall actual performance for 2018/19
CorpHR13	Percentage budget spent on implementation of Workplace Skills Plan.	Percentage of budget spent.	All	96%/98,8%	96%	96%
CorpHR12	Report on percentage of people from employment equity target groups employed in the three highest levels of management in	Nr of reports	All	4/4	4	4

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

## 2.2) Ensure financial viability

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2017/18	Target for 2018/19	Overall actual performance for 2018/19
FinFAdm10	Financial viability expressed as Debt-Coverage ratio	Ratio	All	90/90.2	90	250.8
Provide reason for extreme over achievement of target: Debt Service Payments due is low due the low outstanding amount in terms Borrowings. Redemption of loans in in previous financial years and no new borrowings taken up.						
FinFAdm9	Financial viability expressed as Cost-Coverage ratio	Ratio	All	2.8/2.97	2.8	2.67
Reason for under-performance: Decrease in cash from R 97 506 000(2017-18) to R94 242 000 (2018-19) and an increase in monthly fixed cost from R32 754 000 (2017-18) to R 35 267 000 (2018-19) has resulted in an deterioration of the ratio in 2018-19.						
Corrective measures: Fixed cost consists of Employee Related cost, Remuneration of councillors, finance charges, bulk purchases and contracted services. The only elements that can be managed to a certain extent is overtime expenditure (Employee Related Cost) and consultant services (Contracted Services). The municipality could only strive to manage overtime that is not related emergencies. In the long term, the municipality can only strive to capacitate in-house employees through training to ensure that less consultancy services are utilised.						
FinFAdm11	Financial viability expressed outstanding service debtors	Ratio	All	44%/49%	44%	50%
Reason for under-performance: The majority of outstanding debt is in respect of prescribed debt and debt of indigent households.						
Corrective measures: Improve Credit Control & Debt Collection Mechanisms & the Implementation of Marketing strategies i.e. Jamborees, Bulk SMS's & Consumer Web Portal roll-out. Data Cleansing required in terms Indigent Register. Collectability of Long outstanding debt must be investigated, i.e. prescribed debt						
FinDir3	Opinion of the Auditor-General on annual financial statements of the previous year.	Opinion of AG - unqualified	All	Unqualified	Unqualified	Unqualified
FinInc15	Increased revenue collection	Percentage revenue collected.	All	95%/94%	94%	94%
MM1	Percentage of budget spent on overall maintenance.	Percentage of budget spent.	All	99%/99,7%	99%	99.6%
MM2	Percentage spent of overall capital budget.	Percentage of budget spent.	All	96%/96%	96%	95,6%
Reason for under-performance: The overall under spending of 0,4% from the 96% target relates mainly to KPI ComDir2 (expenditure on Community Services Capital Budget) & KPI TecDir2 (Development of serviced sites). The project budget for the serviced sites will be decreased to the value of the serviced sites that could not be developed.						
Corrective measures: Refer to comments under ComDir2: Own funding to be retained as a saving. The decrease in number of serviced sites was only implemented after the February 2019 adjustment budget and the indicator target could therefore not be aligned. An addendum will be provided by the Department of Human Settlements to the existing project approval indicating that the project sites have been reduced.						

## 2.3) To maintain and strengthen relations with international- and inter-governmental partners as well as the local community through the creation of participative structures.

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2017/18	Target for 2018/19	Overall actual performance for 2018/19
MMIDP9	Number of IDP community meetings held.	Number of meetings held.	All	14/14	14	14
Note: The result of 14 include jamborees that was held in the 7 towns during November 2018. IDP meetings for Prince Alfred's Hamlet and Wolseley were advertised but cancelled due to poor attendance.						
ComSoc49	Number of meetings with inter-governmental partners.	Number of meetings held.	All	12/13	12	13

## 3.1) Provide and maintain facilities that make citizens feel at home

# WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2017/18	Target for 2018/19	Overall actual performance for 2018/19
ComAm34	Report on annual customer satisfaction survey on community facilities.	Report on survey	All	1/1	1	1
ComDir1	% Expenditure on Maintenance Budget by Community Directorate	Percentage of budget spent.	All	99%/99,7%	99%	99%
ComDir2	% Expenditure on Capital Budget by Community Directorate	Percentage of budget spent.	All	96%/97%	96%	63,7%
Reason for under-performance: Projects such as "Aircons Town Hall" (R 500 000) & "Purchase of land for Stray Animal Pound" (R 1 098 000) was not implemented due to increased uneconomical costs.						
Corrective measures: Own funding to be retained as a saving.						

## 4.1) Support the poor and vulnerable through programmes and policy

Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2017/18	Target for 2018/19	Overall actual performance for 2018/19
ComSoc41	Number of account holders subsidised through the municipality's indigent Policy	Number of account holders.	All	3000/2373	4500	3701
Note: Key Performance Indicator was adjusted as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.2 of meeting held on 27/02/2019. Motivation: The Indigent Policy that was adjusted by Council in May 2018 had the result that there was a major increase in the number of beneficiaries. The KPI measures the number of actual beneficiaries against a set target of expected beneficiaries. If the actual are less than the target is viewed as positive as it indicates an increase in the financial health of the community as less people have to rely on the Indigent Subsidy. The target are therefore increased to 4 500 as a result of the expected increase of beneficiaries by year-end due to the change in policy.						
ComLed8	The number of jobs created through municipality's local economic development initiatives including capital projects.	Number of jobs created.	All	390/403	390	397
ComSoc 42	Number of social development programmes implemented	Number of programmes.	All	20/36	20	25
ComHS14	Number of housing opportunities provided per year.	Number of top structures.	All	107/107	30	30
Note: Key Performance Indicator was adjusted as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.2 of meeting held on 27/02/2019. Motivation: The implementation of the project for the construction of top structures at Vredebes relates. Project nr 3199.02 for 600 houses was approved by the Department of Human Settlements on 11/05/2018. The construction of the houses will be phased over a couple of years. The delay in the implementation of the project relates mainly to the approval of housing typologies by Council as the project included different housing typologies such as walk-ups & semi-attached to adhere to densification principles. After various technical meetings between Council, the community & the Department of Human Settlements, the layout was approved 8/01/2019 and construction started in February 2019. The target for completed houses by end of June 2019 is therefore reduced to 30.						
ComHS15	Number of Rental Stock transferred	Number of properties transferred.	All	60/39	40	40
Note: Key Performance Indicator was adjusted as per Section 54(1)(c) of the MFMA and approved by Council as per item 8.1.2 of meeting held on 27/02/2019. Motivation: The target for end of December was 20 properties to be transferred with 19 actual achieved. It is however extremely difficult to get the cooperation of beneficiaries for the signing of contracts and agreements for payment of outstanding debts to obtain rate clearance certificates. The Housing & Finance departments have started with door-to-door campaigns to increase awareness and persuade beneficiaries to sign. It is however foreseen that the original target of 50 will not be achieved under the existing challenges and are therefore reduced to 40.						

## WITZENBERG MUNICIPALITY: DRAFT ANNUAL REPORT

4.2) Create an enabling environment to attract investment and support to the local economy.

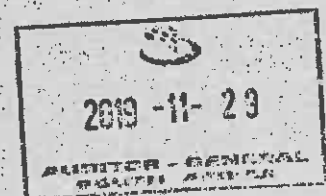
Ref	KPI	Unit of Measurement	Wards	Target/Actual performance of 2017/18	Target for 2018/19	Overall actual performance for 2018/19
MMPop21	Quarterly report on the alienation of municipal properties to support economic growth.	4 Quarterly Reports	All	1/1	4	4
ComLed4	Quarterly report on the implementation of strategies and planned actions as identified in the Witzenberg LED Strategy	4 Quarterly Reports	All	1/1	4	4



VOLUME II: ANNUAL FINANCIAL STATEMENTS

Municipality • Munisipaliteit • UMasipala Was

**30 June 2019**



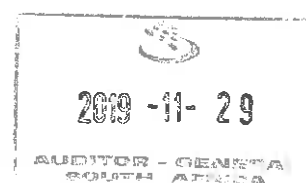
AUDITED 30 AUG 2019  
WC022 – WITZENBERG MUNICIPALITY

# WITZENBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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# WITZENBERG MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Witzenberg Municipality is a local municipality performing the functions as set out in Part B of Schedules 4 & 5 of the Constitution of the Republic of South Africa. (Act No. 108 of 1996)

#### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

#### JURISDICTION

The Witzenberg Municipality includes the following areas:

*Ceres*  
*Op-die-Berg*  
*Prince Alfred's Hamlet*  
*Tulbagh*  
*Wolseley*

#### MUNICIPAL MANAGER

*D Nasson*

#### CHIEF FINANCIAL OFFICER

*HJ Kritzinger (31 December 2018)*  
*AJ Raubenheimer (Acting)*

#### REGISTERED OFFICE

*50 Voortrekker Street, Ceres, 6835*

#### AUDITORS

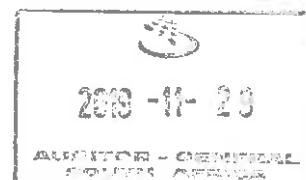
*Auditor-General South Africa*

#### PRINCIPAL BANKERS

*ABSA Bank*  
*Standard Bank, Ceres*  
*First National Bank*

#### RELEVANT LEGISLATION

The Constitution of the Republic of South Africa  
Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Systems Amendment Act (Act no 7 of 2011)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004), as amended  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Municipal Regulations on Standard Chart of Accounts  
Municipal Budget and Reporting Regulations  
SALBC Leave Regulations  
Remuneration of Public Office Bearers Act  
Workman's Compensation Act



# WITZENBERG MUNICIPALITY

## COUNCILLORS OF THE WITZENBERG MUNICIPALITY

Position	Surname	Party	Seat type
Executive Mayor	Klaasen, BC	DA	PR
Deputy Executive Mayor	Adams, K	DA	Ward 6
Speaker	Godden, TT	COPE	PR
Member of Mayoral Committee	Sidego, EM	DA	Ward 11
Member of Mayoral Committee	Alderman Smit, HJ	DA	Ward 5
Member of Mayoral Committee	Visagie, JJ	DA	Ward 4
Member of Mayoral Committee	Abrahams, T	DA	PR
Ordinary Councillor	Kinnear, D	DA	PR
Ordinary Councillor	Laban, G	WA	PR
Ordinary Councillor	Alderman Schuurman, J W	ANC	PR
Ordinary Councillor	Phungula, JT	ANC	PR
Ordinary Councillor	Jacobs, DM	EFF	PR
Ordinary Councillor	Herandien, P	ICOSA	PR
Ordinary Councillor	Simpson, RJ	ANC	PR
Ordinary Councillor	Mzauziwa, Z	DA	PR
Ordinary Councillor	Phatsoane, N	ANC	Ward 1
Ordinary Councillor	Lottering, C	DA	Ward 2
Ordinary Councillor	Swart, D	DA	Ward 3
Ordinary Councillor	Daniels, P	DA	Ward 7
Ordinary Councillor	Visagie, H	ANC	Ward 8
Ordinary Councillor	Hugo, SJ (5 September 2018)	ANC	Ward 9
Ordinary Councillor	MJ Ndaba (5 December 2018)	ANC	Ward 9
Ordinary Councillor	Mgoboza, TP	ANC	Ward 10
Ordinary Councillor	Mdala, M	ANC	Ward 12

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

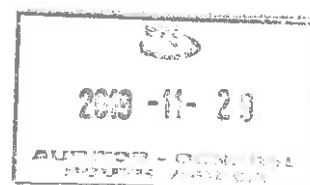
I certify that the salaries, allowances and benefits of Councillors as disclosed in the notes of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

  
 \_\_\_\_\_  
 D Nasson  
 Accounting Officer

\_\_\_\_\_  
 Date 30/08/19

**WITZENBERG MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019**

	Notes	2019 R	Restated 2018 R
<b>ASSETS</b>			
<b>Current Assets</b>		<b>183 673 691</b>	<b>182 524 425</b>
Cash and Cash Equivalents	2	94 271 685	97 505 902
Trade and other Receivables from Exchange Transactions	3	51 610 725	51 307 415
Receivables from non-exchange transactions	4	15 022 951	11 219 033
Inventory	5	11 692 619	11 401 816
Unpaid Conditional Government Grants and Receipts	6	4 036 901	2 379 678
VAT Receivable (net)	7	7 038 810	8 710 581
<b>Non-Current Assets</b>		<b>965 333 573</b>	<b>903 070 083</b>
Property, Plant and Equipment	8	918 262 370	854 455 911
Intangible Assets	9	2 029 417	2 403 442
Investment Property	10	44 491 786	45 655 635
Heritage assets	11	550 000	550 000
Operating Lease Asset	12	-	5 095
<b>Total Assets</b>		<b>1 149 007 264</b>	<b>1 085 594 508</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>91 451 629</b>	<b>82 068 153</b>
Trade and Other Payable Exchange Transactions	13	48 188 737	45 832 731
Consumer Deposits	14	7 149 735	6 418 394
Current Employee benefits	15	21 800 761	20 024 537
Unspent Conditional Government Grants and Receipts	6	10 575 042	5 750 091
Unspent Public Contributions	16	2 219 296	1 865 504
Current Portion of Borrowings	17	1 518 058	2 176 896
<b>Non-Current Liabilities</b>		<b>155 515 986</b>	<b>158 016 209</b>
Borrowings	17	4 704 351	5 291 772
Non-Current Provisions	18	86 471 213	71 466 568
Employee benefits	19	64 340 422	81 257 869
<b>Total Liabilities</b>		<b>246 967 615</b>	<b>240 084 362</b>
<b>Net Assets</b>		<b>902 039 649</b>	<b>845 510 145</b>
Capital Replacement Reserve	20	10 354 788	10 354 788
Accumulated Surplus		891 684 861	835 155 357
<b>Total Net Assets and Liabilities</b>		<b>1 149 007 264</b>	<b>1 085 594 508</b>



**WITZENBERG MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**

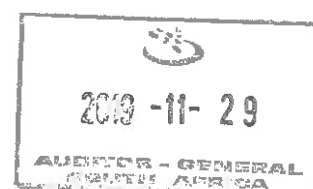
	Notes	2018 (Actual) R	2018 (Restated) R	2018 Correction of error R	2018 (Previously reported) R
<b>REVENUE</b>					
<b>Revenue from Non-exchange Transactions</b>		<b>249 874 482</b>	<b>222 287 572</b>	<b>1 907 850</b>	<b>220 379 722</b>
<b>Taxation Revenue</b>		<b>71 011 769</b>	<b>64 506 631</b>	<b>-</b>	<b>64 506 631</b>
Property rates	21	69 879 235	63 835 379	-	63 835 379
Property Rates - penalties imposed and collection charges		1 132 534	671 252	-	671 252
<b>Transfer Revenue</b>		<b>178 862 713</b>	<b>157 780 941</b>	<b>1 907 850</b>	<b>155 873 091</b>
Fines, Penalties and Forfeits		13 451 575	23 669 620	1 667 850	22 001 770
Licences or Permits		1 124 925	1 164 358	-	1 164 358
Surcharges and Taxes		4 332 729	3 963 004	-	3 963 004
Government Grants and Subsidies - Capital	22	54 177 081	34 481 262	-	34 481 262
Government Grants and Subsidies - Operating	22	105 201 490	94 207 249	240 000	93 967 249
Public Contributions and Donations		574 913	295 448	-	295 448
<b>Revenue from Exchange Transactions</b>		<b>338 176 100</b>	<b>344 017 697</b>	<b>(11 391)</b>	<b>344 029 088</b>
Service Charges	23	305 199 379	306 169 634	62	306 169 572
Rental from Fixed Assets		5 440 550	5 989 524	-	5 989 524
Interest earned - External investments		8 550 943	8 121 547	-	8 121 547
Interest Income and Dividends		9 412 548	10 372 977	-	10 372 977
Agency Services		3 788 514	3 586 464	-	3 586 464
Operational Revenue	24	1 329 587	4 565 000	(11 453)	4 576 453
Sales of Goods and Rendering of services	25	4 454 579	5 212 551	-	5 212 551
<b>Total Revenue</b>		<b>588 050 582</b>	<b>566 305 269</b>	<b>1 896 459</b>	<b>564 408 810</b>
<b>EXPENDITURE</b>					
Employee related costs	26	166 502 097	153 239 739	841 956	152 397 783
Remuneration of Councillors	27	9 457 582	9 170 071	-	9 170 071
Impairment	28	40 315 985	41 396 696	1 825 550	39 571 146
Inventory Consumed		15 554 191	15 173 830	574	15 173 256
Operational Cost	35	35 036 721	31 550 426	(1 931)	31 552 357
Depreciation and Amortisation	29	30 414 647	29 216 760	518 187	28 698 573
Finance Charges	31	15 846 505	15 675 980	-	15 675 980
Bulk Purchases	32	188 783 412	179 705 387	-	179 705 387
Contracted Services	33	41 971 204	36 100 762	-	36 100 762
Transfers and Subsidies: Operational Expenditure	34	10 018 643	14 160 192	240 000	13 920 192
Rent on Land		33 170	25 833	-	25 833
Operating Leases		780 043	855 912	-	855 912
Bad Debts Written Off		6 353	-	-	-
<b>Total Expenditure</b>		<b>554 720 553</b>	<b>526 271 588</b>	<b>3 424 336</b>	<b>522 847 252</b>
Gain / (loss) on disposal of assets		1 157 232	(1 377 920)	(289 394)	(1 088 526)
(Impairment loss) / Reversal of Impairment loss	30	(824 251)	(20 192)	-	(20 192)
Gain / (loss) on Adjustment of Provision		262 545	5 184 679	-	5 184 679
Inventories: (Write-down) / Reversal of write-down		(2 244)	274	-	274
Gain / (loss) on Actuarial Valuations	19	22 606 193	2 554 149	-	2 554 149
<b>NET SURPLUS FOR THE YEAR</b>		<b>56 529 504</b>	<b>46 374 671</b>	<b>(1 817 271)</b>	<b>48 191 942</b>



**WITZENBERG MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
		R	R	R
<b>Balance at 1 JULY 2017</b>		<b>10 354 788</b>	<b>788 873 955</b>	<b>799 228 743</b>
Correction of error	36.25	-	(93 269)	(93 269)
<b>Restated Balance at 1 JULY 2017</b>		<b>10 354 788</b>	<b>788 780 686</b>	<b>799 135 474</b>
Transfers to/from Accumulated		25 706 031	(25 706 031)	-
Property, Plant and Equipment purchased		(25 706 031)	25 706 031	-
Restated Net Surplus for the year		-	46 374 671	46 374 671
<b>Balance at 30 JUNE 2018</b>		<b>10 354 788</b>	<b>835 155 357</b>	<b>845 510 145</b>
Transfers to/from Accumulated		32 517 057	(32 517 057)	-
Property, Plant and Equipment purchased		(32 517 057)	32 517 057	-
Net Surplus for the year		-	56 529 504	56 529 504
<b>Balance at 30 JUNE 2019</b>		<b>10 354 788</b>	<b>891 684 861</b>	<b>902 039 649</b>

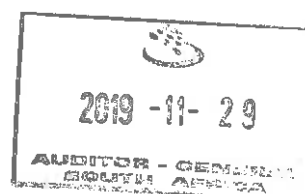




**WITZENBERG MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019**

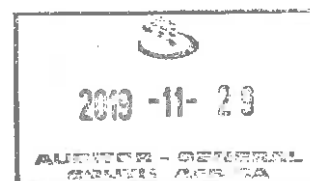
	Notes	30 JUNE 2019 R	30 JUNE 2018 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Taxation		71 497 725	67 555 097
Sales of goods and services		293 354 872	304 277 190
Government Grants		163 475 004	132 906 152
Interest		19 096 025	19 165 776
<b>Payments</b>			
Employee costs		(166 966 557)	(149 680 259)
Suppliers		(297 906 588)	(289 191 858)
Finance charges		(650 532)	(999 745)
<b>Cash generated by operations</b>	<b>37</b>	<b>81 899 949</b>	<b>84 032 353</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(85 897 566)	(63 667 495)
Purchase of Intangible Assets		(758 988)	(187 741)
Proceeds on Disposal of Fixed Assets		3 267 699	3 790 327
Increase/(Decrease) in Long-term Receivables		-	-
<b>Net Cash from Investing Activities</b>		<b>(83 388 855)</b>	<b>(60 064 909)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans repaid		(2 476 652)	(3 817 652)
New loans raised		-	-
Increase in Consumer Deposits		731 341	1 022 973
<b>Net Cash from Financing Activities</b>		<b>(1 745 311)</b>	<b>(2 794 679)</b>
<b>NET INCREASE/(DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(3 234 217)</b>	<b>21 172 765</b>
Cash and Cash Equivalents at the beginning of the year		97 505 902	76 333 137
Cash and Cash Equivalents at the end of the year	<b>2</b>	<b>94 271 685</b>	<b>97 505 902</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(3 234 217)</b>	<b>21 172 765</b>



**WITZENBERG MUNICIPALITY**

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019**

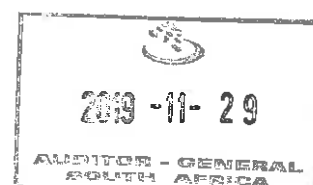
	Actual 2019 R	Approved budget 2019 R	Adjustments 2019 R	Final budget 2019 R	Difference between final budget and actual	Actual 2018 R
<b>ASSETS</b>						
<b>Current Assets</b>	<b>183 673 691</b>	<b>65 801 412</b>	<b>98 548 865</b>	<b>164 350 277</b>	<b>12%</b>	<b>182 524 425</b>
Cash	94 271 685	83 129 371	8 145 810	91 275 181	3%	97 505 902
Call investment deposits	-	46 835	(46 835)	-	-	-
Consumer debtors	66 633 676	(33 749 541)	68 732 583	34 983 042	90%	62 526 448
Other debtors	11 075 711	14 939 892	11 750 346	28 690 238	-59%	11 090 259
Current portion of long-term receivables	-	-	-	-	-	-
Inventory	11 092 619	1 434 055	9 966 961	11 401 816	3%	11 401 816
<b>Non-Current Assets</b>	<b>965 333 573</b>	<b>38 293 486</b>	<b>913 387 417</b>	<b>951 680 903</b>	<b>1%</b>	<b>903 070 083</b>
Investments	-	4 014	(4 014)	-	-	-
Investment Property	44 491 786	(625 824)	46 285 663	45 659 839	-3%	45 655 635
Property, Plant and Equipment	918 262 370	38 950 920	863 870 401	902 821 321	2%	854 455 911
Intangible Assets	2 029 417	(35 624)	2 685 368	2 649 744	-23%	2 403 442
Other non-current assets	550 000	-	550 000	550 000	0%	555 095
<b>Total Assets</b>	<b>1 149 007 264</b>	<b>104 094 898</b>	<b>1 011 936 282</b>	<b>1 116 031 180</b>	<b>3%</b>	<b>1 085 594 508</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>	<b>91 451 629</b>	<b>55 489 285</b>	<b>46 298 611</b>	<b>101 787 896</b>	<b>-10%</b>	<b>82 068 153</b>
Borrowings	1 518 058	-	-	-	-	2 176 696
Consumer Deposits	7 149 735	-	6 418 394	6 418 394	11%	6 418 394
Trade and Other Payable Exchange Transactions	60 983 075	46 998 436	19 905 533	66 903 969	-9%	53 448 326
Provisions	21 800 761	8 490 849	19 974 684	28 465 533	-23%	20 024 537
<b>Non-Current Liabilities</b>	<b>155 515 986</b>	<b>15 233 368</b>	<b>140 511 969</b>	<b>155 745 337</b>	<b>0%</b>	<b>158 016 209</b>
Borrowings	4 704 351	2 200 258	(1 025 279)	1 174 979	300%	5 291 772
Provisions	150 811 635	13 033 110	141 537 248	154 570 358	-2%	152 724 437
<b>Total Liabilities</b>	<b>246 967 615</b>	<b>70 722 653</b>	<b>186 810 580</b>	<b>257 533 233</b>	<b>-4%</b>	<b>240 084 362</b>
<b>Net Assets</b>	<b>902 039 649</b>	<b>33 372 245</b>	<b>825 125 703</b>	<b>858 497 948</b>	<b>5%</b>	<b>845 510 145</b>
Accumulated Surplus	891 684 861	33 372 245	814 770 915	848 143 160	5%	835 155 357
Reserve	10 354 788	-	10 354 788	10 354 788	0%	10 354 788
<b>Total Net Assets and Liabilities</b>	<b>1 149 007 264</b>	<b>104 094 898</b>	<b>1 011 936 282</b>	<b>1 116 031 180</b>	<b>3%</b>	<b>1 085 594 507</b>



# WITZENBERG MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

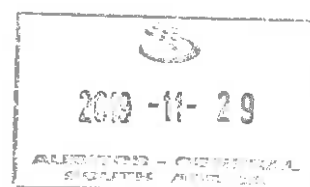
	Actual 2019 R	Approved budget 2019 R	Adjustments 2019 R	Final budget 2019 R	Difference between final budget and actual	Actual 2018 R
<b>Operating Revenue</b>						
Property rates	69 879 235	70 127 848	(1 811 217)	68 316 631	2%	63 835 379
Property Rates - penalties imposed and collection charges	1 132 534	-	-	-	-	671 252
Fines, Penalties and Forfeits	13 451 575	18 904 300	-	18 904 300	-29%	23 669 620
Licences or Permits	1 124 925	155 255	-	155 255	625%	1 164 358
Surcharges and Taxes	4 332 729	5 277 493	1 355 620	6 633 113	-35%	3 963 004
Government Grants and Subsidies - Capital	54 177 081	31 619 217	21 294 754	52 913 971	2%	34 481 262
Government Grants and Subsidies - Operating	105 201 490	135 380 626	(19 410 118)	115 970 508	-9%	94 207 249
Public Contributions and Donations	574 913	288 050	794 685	1 082 735	-47%	295 448
Service Charges	305 199 379	316 406 574	1 811 216	318 217 790	-4%	306 169 634
Rental from Fixed Assets	5 440 550	10 198 093	-	10 198 093	-47%	5 989 524
Interest earned - External investments	8 550 943	8 194 383	-	8 194 383	4%	8 121 547
Interest Income and Dividends	9 412 548	7 456 692	(1)	7 456 691	26%	10 372 977
Agency Services	3 788 514	8 293 280	-	8 293 280	-54%	3 586 464
Operational Revenue	1 329 587	1 085 273	-	1 085 273	23%	4 565 000
Sales of Goods and Rendering of services	4 454 579	2 616 943	1	2 616 944	70%	5 212 551
<b>Total revenue</b>	<b>588 050 582</b>	<b>616 004 027</b>	<b>4 034 940</b>	<b>620 038 967</b>	<b>-5%</b>	<b>566 305 269</b>
<b>Operating Expenditure by Nature</b>						
Employee related costs	166 502 097	174 039 560	(3 637 246)	170 402 314	2%	153 239 72
Remuneration of Councillors	9 457 582	10 709 120	-	10 709 120	12%	9 170 0
Impairment	40 315 985	-	42 172 132	42 172 132	4%	41 396 69b
Bad Debts Written Off	6 353	-	100 000	100 000	94%	-
Inventory Consumed	15 554 191	21 061 905	(4 477 335)	16 584 570	6%	15 173 830
Operational Cost	35 036 721	40 296 342	(149 955)	40 146 387	13%	31 550 426
Depreciation and Amortisation	30 414 647	43 031 857	1 133 334	44 165 191	31%	29 216 760
Finance Charges	15 846 505	11 020 395	4 981 369	16 001 764	1%	15 675 980
Bulk Purchases	188 783 412	197 540 732	-	197 540 732	4%	179 705 387
Contracted Services	41 971 204	45 931 005	9 370 207	55 301 212	24%	36 100 762
Transfers and Subsidies: Operational Expenditure	10 018 643	14 407 038	(243 744)	14 163 294	29%	14 160 192
Rent on Land	33 170	20 000	14 000	34 000	2%	25 833
Operating Leases	780 043	2 081 978	(631 500)	1 450 478	46%	855 913
<b>Total expenditure</b>	<b>554 720 553</b>	<b>560 139 932</b>	<b>48 631 262</b>	<b>608 771 194</b>	<b>9%</b>	<b>526 271 589</b>
<b>Operating Surplus/(deficit) for the period</b>	<b>33 330 029</b>	<b>55 864 095</b>	<b>(44 596 322)</b>	<b>11 267 773</b>	<b>196%</b>	<b>40 033 681</b>
Gain / (loss) on disposal of assets	1 157 232	-	-	-	-	(1 377 920)
(Impairment loss) / Reversal of impairment loss	(824 251)	-	(100 000)	(100 000)	724%	(20 192)
Gain / (loss) on Adjustment of Provision	262 545	1 000	7 710	8 710	2914%	5 184 679
Inventories: (Write-down) / Reversal of write-down	(2 244)	-	-	-	-	274
Gain / (loss) on Actuarial Valuations	22 606 193	200	-	200	11302997%	2 554 149
<b>Netto Surplus/(deficit) for the period</b>	<b>56 529 504</b>	<b>55 865 295</b>	<b>-44 688 612</b>	<b>11 176 683</b>	<b>406%</b>	<b>46 374 671</b>
<b>Operating expenditure by vote</b>						
Budget and Treasury Office	36 362 779	47 176 858	(2 214 565)	44 962 293	19%	29 443 602
Civil services	143 957 581	112 403 288	32 746 836	145 150 124	1%	121 929 34F
Community and social services	25 857 031	31 178 582	613 879	31 792 461	19%	27 298 0
Corporate Services	43 316 539	43 485 551	10 167 482	53 653 013	19%	40 873 13b
Electro Technical Services	205 463 477	223 514 562	(2 521 821)	220 992 741	7%	199 669 546
Executive and Council	20 508 153	23 838 667	(1 453 107)	22 385 560	8%	19 349 505
Housing	12 953 914	19 186 171	(401 097)	18 785 074	31%	16 477 397
Planning	5 635 938	6 089 920	(328 312)	5 761 608	2%	5 124 377
Public Safety	35 404 482	24 145 010	12 686 871	36 831 881	4%	42 415 323
Sport and recreation	25 260 660	29 121 323	(664 884)	28 456 439	11%	23 691 279
<b>Total operating expenditure by vote</b>	<b>554 720 554</b>	<b>560 139 932</b>	<b>48 631 262</b>	<b>608 771 194</b>	<b>9%</b>	<b>526 271 587</b>



**WITZENBERG MUNICIPALITY**

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019**

	Actual 2019 R	Approved budget 2019 R	Adjustments 2019 R	Final budget 2019 R	Difference between final budget and actual	Actual 2018 R
<b>Capital expenditure by vote</b>						
Budget and Treasury Office	675 135	180 000	522 000	702 000	4%	214 797
Civil services	69 533 579	63 434 981	6 980 191	70 415 172	1%	51 645 844
Community and social services	704 581	2 530 000	255 320	2 785 320	75%	690 962
Corporate Services	1 020 563	970 000	229 034	1 199 034	15%	1 289 966
Electro Technical Services	11 378 380	11 654 348	211 311	11 865 659	4%	4 728 027
Executive and Council	18 332	130 000	-	130 000	86%	15 478
Housing	-	-	-	-	-	358 620
Planning	-	20 000	(20 000)	-	-	11 349
Public Safety	-	-	-	-	-	2 866 654
Sport and recreation	3 325 984	2 402 000	1 139 876	3 541 876	6%	2 033 539
<b>Total capital expenditure</b>	<b>86 656 554</b>	<b>81 321 329</b>	<b>9 317 732</b>	<b>90 639 061</b>	<b>4%</b>	<b>63 855 236</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Property rates	71 497 725	61 689 250	3 091 877	64 781 127	10%	67 555 097
Service charges	293 354 872	308 847 149	32 029 573	340 876 722	-14%	304 277 190
Government Grants	163 475 004	161 076 000	14 724 208	175 800 208	-7%	132 906 152
Interest	19 096 025	13 111 960	(2 682 175)	10 429 785	83%	19 165 776
Dividends	-	-	-	-	-	-
<b>Payments</b>						
Suppliers and employees	(464 873 145)	(369 994 186)	(118 995 849)	(488 990 035)	5%	(438 872 117)
Finance charges	(650 532)	(937 770)	(157 625)	(1 095 395)	41%	(999 745)
Transfers and Grants	-	(587 270)	(13 806 802)	(14 394 072)	100%	(587 270)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>81 899 948</b>	<b>173 205 133</b>	<b>(85 796 793)</b>	<b>87 408 340</b>	<b>8%</b>	<b>83 445 083</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of PPE	3 267 699	-	-	-	-	3 790 327
Decrease (Increase) in non-current debtors	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-
Decrease (Increase) in non-current investments	-	-	-	-	-	-
<b>Payments</b>						
Capital assets	(86 656 554)	-83246710	(7 392 351)	(90 639 061)	4%	(63 855 236)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(83 388 855)</b>	<b>(83 246 710)</b>	<b>(7 392 351)</b>	<b>(90 639 061)</b>	<b>8%</b>	<b>(60 064 909)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Short term loans	0	3 500 000	(3 500 000)	0	100%	-
Borrowing long term/refinancing	731 341	-	-	-	-	1 022 973
Increase (decrease) in consumer deposits	-	-	-	-	-	-
<b>Payments</b>						
Repayment of borrowing	(2 476 652)	-	(3 000 000)	(3 000 000)	17%	(3 817 652)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(1 745 311)</b>	<b>3 500 000</b>	<b>(6 500 000)</b>	<b>(3 000 000)</b>	<b>42%</b>	<b>(2 794 679)</b>



# WITZENBERG MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

	Actual 2019 R	Approved budget 2019 R	Adjustments 2019 R	Final budget 2019 R	Difference between final budget and actual	Actual 2018 R
<b>Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance</b>						<b>2019</b>
Net surplus/deficit per the statement of financial performance						56 529 504
Adjusted for:						
Fines, Penalties and Forfeits			Increase due to better law enforcement application.			5 452 725
Government Grants and Subsidies - Capital			Expenditure not incurred for all grant funding received.			(1 263 110)
Government Grants and Subsidies - Operating			Expenditure not incurred for all grant funding received.			10 769 018
Service Charges			Increase in indigent households and cost of free basic services.			13 018 411
Rental from Fixed Assets			Decrease in resort bookings mainly due to water restrictions implemented.			4 757 543
Interest earned - External investments			Increase in funds available for investment purposes			(356 560)
Sales of Goods and Rendering of services			Decrease in economic climate			(1 837 635)
Employee related costs			Time needed to fill vacancies			(3 900 217)
Inventory Consumed			Decrease in maintenance required in current year.			(1 030 379)
Operational Cost			Decrease in economic climate			(5 109 666)
Depreciation and Amortisation			Depreciation less than expected due to slow capital spending			(13 750 544)
Finance Charges			Adjustment in Provisions			(155 259)
Bulk Purchases			Bulk purchases less than expected.			(8 757 320)
Contracted Services			Contracted Services less than budget due to effective contract management.			(13 330 008)
Transfers and Subsidies: Operational Expenditure			Expenditure not incurred for all grant funding received.			(4 144 65)
Other Items						(25 715 1)
<b>Net surplus/deficit per approved budget</b>						<b>11 176 683</b>

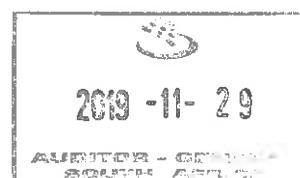
### Explanation of Material Cash Flow Variances

Property rates	10%	Implementation of new general valuation resulting in increased revenue
Service charges	-14%	Increase in indigent households and cost of free basic services.
Government Grants	-7%	Delayed receipt in RBIG grant funding negatively impacted spending patterns. Less spending resulted in less revenue being recognised
Interest	83%	Improved investment strategy resulting in improved revenue
Suppliers and employees	5%	Variance is mainly a result of underspending on Contracted Services & Bulk Purchases
Finance charges	41%	Greater portion of loan repayments relates to redemption rather than interest

The budget is approved on an accrual basis by vote classification as required by the Municipal Finance Management Act. The basis used for this comparison is by nature classification as required by General Recognised Accounting Practices. The approved budget covers the same period as the financial statements, from 1 July to 30 June.

The budget and accounting bases are the same; both are on the accrual basis. The financial statements are prepared using a classification on the nature of expenses in the statement of financial performance.

The changes between the approved and final budget are a consequence of reallocations within the budget and of other factors allowable in terms of the Municipal Finance Management Act



# WITZENBERG MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

#### 1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-Exchange Transactions
GRAP 24	Presentation of Budget Information
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 27	Agriculture
GRAP 31	Intangible assets
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfer of Functions Between Entities Under Common Control

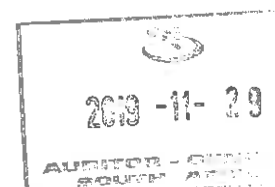


**WITZENBERG MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

GRAP 106	Transfer of Functions Between Entities Not Under Common Control
GRAP 107	Mergers
IGRAP 1	Applying the Probability Test on Initial Recognition of Revenue (as revised in 2012)
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 11	Consolidations – Special Purpose Entities
IGRAP 12	Jointly Controlled Entities – Non-monetary Contributions by Ventures
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets – Website Costs
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC102)	Income Taxes
SIC – 21 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16(AC449)	Hedges in a Net Investment in a Foreign Operation
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
IFRIC 21	Levies

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3.



# WITZENBERG MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

### 1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

### 1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

### 1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

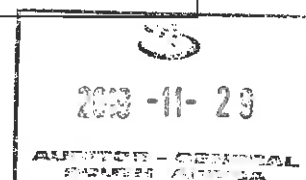
### 1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. In general, materiality is determined as 1% of total expenditure.

### 1.6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 20	<b>Related Party Disclosures</b> No significant impact is expected as the Municipality does not participate in such business transactions.	1 April 2019
GRAP 32	<b>Service Concession Arrangements: Grantor</b> No significant impact is expected as the Municipality does not participate in such business transactions.	1 April 2019
GRAP 108	<b>Statutory receivable</b> No significant impact is expected as the Municipality does not participate in such business transactions.	1 April 2019
GRAP 109	<b>Accounting by Principals and Agents</b> No significant impact is expected as the Municipality does not participate in such business transactions.	1 April 2019
IGRAP 17	<b>Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset</b>	1 April 2019
IGRAP 18	<b>Recognition and De-recognition of Land</b> No significant impact is expected.	1 April 2019
IGRAP 19	<b>Liabilities to Pay Levies</b> No significant impact is expected.	1 April 2019





**1.7. RESERVES****Capital Replacement Reserve (CRR)**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

**1.8. LEASES****1.8.1. Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

**1.8.2. Municipality as Lessor**

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

**1.9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

**1.10. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

## WITZENBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The following provisions are set for the creation and utilisation of the grant is receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

#### 1.11. PROVISIONS

##### 1.11.1. GENERAL PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

##### 1.11.2. REHABILITATION OF LANDFILL SITES PROVISIONS

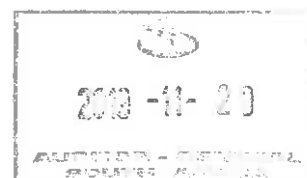
Provision is made in terms of the licensing stipulations of the landfill sites, for the estimated cost of rehabilitating waste sites. The provision has been determined on the basis of a recent independent study. The cost factors derived from the study by a firm of consulting engineers have discounted to present value at prime interest rate.

#### 1.12. EMPLOYEE BENEFITS

##### 1.12.1. Post-Retirement Medical obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.



## WITZENBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

#### **1.12.2. Long Service awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

#### **1.12.3. Accrued Leave Pay**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

#### **1.12.4. Staff Bonuses**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

#### **1.12.5. Performance bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

#### **1.12.6. Pension and retirement fund obligations**

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

#### **1.12.7. Ex gratia Gratuities**

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

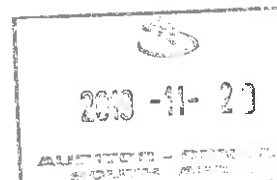
Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

### **1.13. PROPERTY, PLANT AND EQUIPMENT**

#### **1.13.1. Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.



# WITZENBERG MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

### 1.13.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

### 1.13.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	5-100	Airports	20
Electricity	4-46	Buildings	30-100
Water	15-150	Computer equipment	3-30
Sanitation	10-75	Furniture and equipment	3-30
Other	10-15	Landfill sites	10-15
		Markets	30
<b>Community</b>		Other	3-30
Recreational Facilities	5-30	Other vehicles	2-67
Sport fields & Stadia	10-20	Plant and Equipment	3-32
Halls	5-100	Specialist vehicles	6-38
Libraries	10-30		
Parks and gardens	10-30		
Other assets	5-30		
Cemeteries	5-30		
<b>Finance lease assets</b>			
Office equipment	3-5		

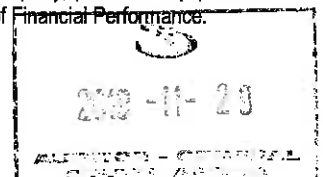
The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

### 1.13.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.



## WITZENBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### 1.13.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional arrangement as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The municipality updated the Land and Buildings acquired before 30 June 2008 to the fair value as determined by an independent valuator. For Other Assets the depreciation replacement cost method was used to establish the deemed cost as on 1 July 2008.

#### 1.14. INTANGIBLE ASSETS

##### 1.14.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

the municipality intends to complete the intangible asset for use or sale;  
it is technically feasible to complete the intangible asset;  
the municipality has the resources to complete the project; and  
it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

##### 1.14.2. Subsequent Measurement – Cost Model

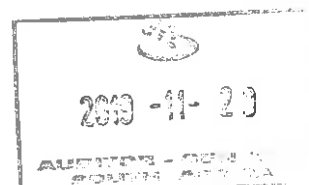
Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

##### 1.14.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5
Computer Software Licenses	5

The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.



**1.14.4. De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.15. INVESTMENT PROPERTY****1.15.1. Initial Recognition**

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

**1.15.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

**1.15.3. Depreciation and Impairment**

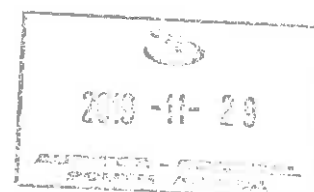
Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	99 - 100

The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.

**1.15.4. De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.



**1.16. HERITAGE ASSETS****1.16.1. Initial Recognition**

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset shall be recognised as an asset if, and only if:

- it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and
- the cost or fair value of the asset can be measured reliably.

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

Where a heritage asset has been acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

**1.16.2. Subsequent Measurement**

Heritage assets are not depreciated based on their nature however the municipality assesses at each reporting date whether there is a need for impairment.

The class of heritage assets are carried at its cost less any accumulated impairment losses.

**1.16.3. Impairment**

Where the carrying amount of an item of heritage asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of heritage asset have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

**1.16.4. De-recognition**

The carrying amount of a heritage asset is derecognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from de-recognition of a heritage asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

**1.17. IMPAIRMENT OF NON-FINANCIAL ASSETS****1.17.1. Cash-generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

#### 1.17.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

*Depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

#### 1.18. COMMITMENTS

Commitments are future payments and expenditure to be incurred on contracts that have been entered into at the reporting date and where there are unperformed obligations. The commitments would include both capital and operating items.

Committed expenditure approved and contracted for at reporting date is where the expenditure has been approved and the contract has been awarded.

Committed expenditure approved but not yet contracted for at reporting date is where the expenditure has been approved but the contract has yet to be awarded or is awaiting finalisation.

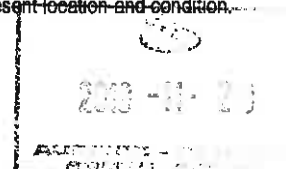
#### 1.19. INVENTORIES

##### 1.19.1. Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

The cost of purified water comprises cost of conversion and other cost incurred in bringing the inventory to their present location and condition.





## WITZENBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### 1.19.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Cost of land held for sale is assigned by using specific identification of their individual costs.

#### 1.20. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

#### 1.21. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

##### 1.21.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

##### 1.21.2. Subsequent Measurement

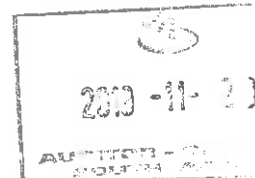
Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

##### 1.21.2.1. Receivables

Receivables are classified as loans and receivables, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases



## WITZENBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

#### **1.21.2.2. Payables and Annuity Loans**

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

#### **1.21.2.3. Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

#### **1.21.2.4. Non-Current Investments**

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

#### **1.21.3. De-recognition of Financial Instruments**

##### **1.21.3.1. Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

the rights to receive cash flows from the asset have expired; or  
the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

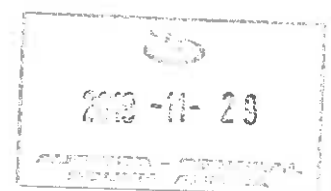
When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

##### **1.21.3.2. Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.



## WITZENBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

#### **1.21.4. Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## **1.22. REVENUE**

### **1.22.1. Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised when issued.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

### **1.22.2. Revenue from Exchange Transactions**

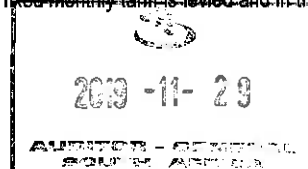
Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter vouchers is recognised eight days after the sale of the relevant voucher.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the



## WITZENBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

The prevailing rate for a similar instrument of an issuer with a similar credit rating; or

A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred.

When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

#### **1.22.3. Grants, Transfers and Donations (Non-Exchange Revenue)**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

#### **1.23. RELATED PARTIES**

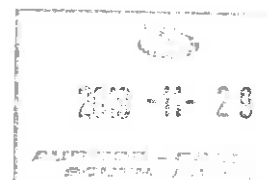
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2<sup>nd</sup> and 3<sup>rd</sup> bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker, members of the Mayoral Committee and ordinary councillors.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.



## WITZENBERG MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### 1.24. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.25. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.26. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.27. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

#### 1.28. PRESENTATION OF BUDGET INFORMATION

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements, has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same entity and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process and upon approval the approved budget is made publicly available.

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

#### 1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

##### ***Post-retirement medical obligations and Long service awards***

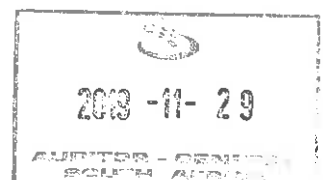
The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

##### ***Impairment of Receivables***

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

##### ***Provisions and contingent liabilities***

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.



**1.30. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**1.31. JOINT VENTURES**

In respect of the municipalities' interest in jointly controlled assets, the municipality includes in its accounting records and recognises in its financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with other ventures in relation to the joint venture;
- any revenue from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- any expenses that it has incurred in respect of its interest in the joint venture.

**1.32. AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

**1.33 STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

**Initial Recognition**

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

**Subsequent Measurement**

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

**Impairment and collectability of statutory receivables**

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



**WITZENBERG MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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**1.34 EVENTS AFTER REPORTING DATE**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

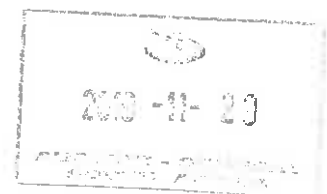


# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2	CASH AND CASH EQUIVALENTS	2019 R	2018 R
	<b>Assets</b>		
	Call Deposits and Investments		
	Cash at Bank	94 262 085	97 496 777
	Cash on Hand	9 600	9 125
	<b>Total Cash and Cash Equivalents - Assets</b>	<b>94 271 685</b>	<b>97 505 902</b>
	<b>Liabilities</b>		
	Primary Bank Account		
	<b>Total Cash and Cash Equivalents - Liabilities</b>		
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	The municipality has the following bank accounts:		
	Cash book balance at beginning of year	97 496 777	76 324 212
	Cash book balance at end of year	94 262 085	97 496 777
	The municipality changed it's Primary Bank Account from The Standard Bank of South Africa Limited to First National Bank South Africa on 1 March 2018. The ABSA and Standard Bank accounts has not been closed at year end as some debtors still pay their service accounts into the old accounts.		
	<b>Primary Bank Account: First National Bank - Account Number 62748215979</b>		
	Bank statement balance at beginning of year	96 312 306	
	Bank statement balance at end of year	93 565 694	96 312 306
	<b>Standard Bank Limited - Account Number 203241819</b>		
	Bank statement balance at beginning of year	274 415	77 200 939
	Bank statement balance at end of year	351 927	274 415
	<b>ABSA Bank Limited - Account Number 350000011</b>		
	Bank statement balance at beginning of year	69 379	248 613
	Bank statement balance at end of year	55 423	69 379
3	<b>TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
	Electricity	37 998 175	36 362 313
	Water	69 727 767	56 506 812
	Property Rental Debtors	1 525 594	1 198 858
	Waste Management	36 785 318	29 212 792
	Waste Water Management	32 413 814	25 612 216
	Service Charges	1 821 514	1 407 810
	Prepayments and Advances	2 193 331	1 943 912
	Land Sale Debtors	721 701	452 058
	<b>Total Receivables from Exchange Transactions</b>	<b>183 187 214</b>	<b>152 696 770</b>
	Less: Provision for Impairment	(131 576 488)	(101 389 355)
	<b>Total Net Receivables from Exchange Transactions</b>	<b>51 610 725</b>	<b>51 307 415</b>

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.





# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

3

### TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS CONTINUED

2019  
R

2018  
R

Included in receivables is the following accrued income (estimated consumption from the last meter reading to 30 June):

Accrued Income Electricity	17 275 832	19 121 877
Accrued Income Water	4 553 282	4 166 594

#### Ageing of Receivables from Exchange Transactions:

##### (Electricity): Ageing

Accrued Income Electricity	17 275 832	19 121 877
Current (0 - 30 days)	13 221 882	11 335 243
31 - 60 Days	2 482 395	1 018 070
61 - 90 Days	259 225	640 885
+ 90 Days	4 758 841	4 246 238
<b>Total</b>	<b>37 998 175</b>	<b>36 362 313</b>

##### (Water): Ageing

Accrued Income Water	4 553 282	4 166 594
Current (0 - 30 days)	3 768 628	3 472 654
31 - 60 Days	1 723 999	1 838 580
61 - 90 Days	1 199 817	1 602 119
+ 90 Days	58 482 042	45 426 86
<b>Total</b>	<b>69 727 767</b>	<b>56 506 812</b>

##### (Housing): Ageing

Current (0 - 30 days)	74 088	72 278
31 - 60 Days	41 852	36 775
61 - 90 Days	35 268	33 352
+ 90 Days	1 374 387	1 056 453
<b>Total</b>	<b>1 525 594</b>	<b>1 198 858</b>

##### (Refuse): Ageing

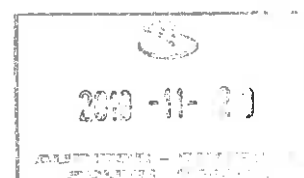
Current (0 - 30 days)	2 378 364	2 562 428
31 - 60 Days	1 111 570	844 621
61 - 90 Days	812 574	619 550
+ 90 Days	32 482 810	25 186 193
<b>Total</b>	<b>36 785 318</b>	<b>29 212 792</b>

##### (Sewerage): Ageing

Current (0 - 30 days)	1 911 951	1 877 644
31 - 60 Days	868 370	864 880
61 - 90 Days	627 218	642 908
+ 90 Days	29 006 274	22 226 785
<b>Total</b>	<b>32 413 813</b>	<b>25 612 216</b>

##### (Other): Ageing

Current (0 - 30 days)	2 217 983	1 970 427
31 - 60 Days	30 425	26 543
61 - 90 Days	453 722	23 708
+ 90 Days	1 312 715	1 331 044
<b>Total</b>	<b>4 014 845</b>	<b>3 351 722</b>



# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

3

### RECEIVABLES FROM EXCHANGE TRANSACTIONS CONTINUED

#### (Land Sales): Ageing

	2019 R	2018 R
Current (0 - 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	-	-
<b>Total</b>	<b>721 701</b>	<b>452 058</b>

#### (Total): Ageing

Accrued Income	21 829 113	23 288 472
Current (0 - 30 days)	23 572 897	21 290 674
31 - 60 Days	6 258 610	4 629 468
61 - 90 Days	3 387 824	3 562 520
+ 90 Days	128 138 769	99 925 637
<b>Total</b>	<b>183 187 214</b>	<b>152 696 770</b>

#### Reconciliation Provision for Impairment

Opening Balance	(101 389 356)	(129 385 760)
Recognised	(30 187 133)	(24 346 623)
Bad Debts Written Off	-	52 343 027
<b>Balance at end of year</b>	<b>(131 576 489)</b>	<b>(101 389 356)</b>

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers living in poverty. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

4

### RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Property Rates	26 671 349	23 957 110
Other Receivables	24 423 472	34 300 932
Fines	23 748 726	33 696 200
Deposits	224 615	224 615
SARS	-	-
Other receivables	450 131	380 117

#### **Total Receivables from Non-Exchange Transactions**

Less: Provision for Impairment	(36 071 871)	(47 039 009)
<b>Total Net Receivables from Non-Exchange Transactions</b>	<b>15 022 951</b>	<b>11 219 033</b>

Ageing of Receivables from Non-Exchange Transactions:

#### (Rates): Ageing

Current (0 - 30 days)	2 951 064	2 589 533
31 - 60 Days	1 022 419	460 267
61 - 90 Days	266 984	243 690
+ 90 Days	22 430 882	20 663 620
<b>Total</b>	<b>26 671 349</b>	<b>23 957 110</b>

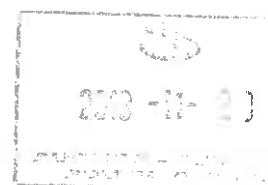
#### Reconciliation Provision for Impairment

Opening Balance	(44 202 909)	(54 530 434)
Recognised	(10 128 852)	(17 050 073)
Bad Debts Written Off	18 259 890	24 541 498
<b>Balance at end of year</b>	<b>(36 071 871)</b>	<b>(47 039 009)</b>

Included in the provision for bad debt are the following amounts in respect of traffic fines

<b>(16 146 300)</b>	<b>(28 861 900)</b>
---------------------	---------------------

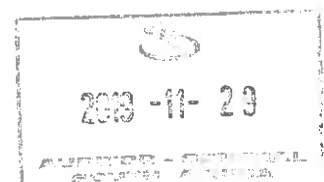
Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers living in poverty. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.



# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

5	INVENTORY	2019 R	2018 R
	Consumables	665 034	1 372 307
	Materials and Supplies	10 849 471	9 857 241
	Housing Stock	-	-
	Land	-	-
	Water	178 114	172 268
	<b>Total Inventory</b>	<b>11 692 619</b>	<b>11 401 816</b>
	Inventory written down due to losses as identified during the annual stores counts.	<b>2 244</b>	<b>(274)</b>
	Inventory recognised as an expense during the year	<b>12 276 790</b>	<b>14 574 323</b>
	No inventories is pledged as security for liabilities		
6	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
	Unspent Grants	10 575 042	5 750 091
	National Government Grants	7 539 633	489 223
	Provincial Government Grants	2 135 408	4 360 868
	District Municipality	900 001	900 000
	<b>Less: Grants spend but not yet received</b>	<b>4 036 901</b>	<b>2 379 678</b>
	National Government Grants	1 022 096	1 110 255
	Provincial Government Grants	2 489 715	1 269 423
	District Municipality	525 090	-
	<b>Total Conditional Grants and Receipts</b>	<b>6 538 141</b>	<b>3 370 413</b>
	Please refer to Note 22 for more information on specific grants.		
7	VAT		
	VAT PAYABLE		
	VAT Payable	4 320 862	1 174 585
	VAT output in suspense	-	-
		<b>4 320 862</b>	<b>1 174 585</b>
	VAT RECEIVABLE		
	VAT Receivable	11 359 672	9 885 166
	VAT input in suspense	-	-
		<b>11 359 672</b>	<b>9 885 166</b>
	<b>NET VAT RECEIVABLE/(PAYABLE)</b>	<b>7 038 810</b>	<b>8 710 581</b>
	VAT is receivable/payable on the cash basis.		



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**8 PROPERTY, PLANT AND EQUIPMENT**

**8.1 30 JUNE 2019**

Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure R	Community Assets R	Leased Assets R	Other Assets R	Total R
<b>Carrying value at 1 July 2018</b>	77 053 867	89 963 658	567 565 701	63 631 253	26 370	43 110 033	841 350 881
<b>Cost</b>	77 053 867	100 191 957	706 866 587	72 372 722	1 893 599	82 728 698	1 041 107 430
Original Cost	77 053 867	100 191 957	706 866 587	72 372 722	1 893 599	82 728 698	1 041 107 430
<b>Accumulated Impairment</b>	-	-	(19 803)	-	-	(615 534)	(635 337)
Original Cost	-	-	(19 803)	-	-	(615 534)	(635 337)
<b>Accumulated Depreciation</b>	-	(10 228 299)	(139 281 083)	(8 741 469)	(1 867 230)	(39 003 131)	(199 121 212)
Original Cost	-	(10 228 299)	(139 281 083)	(8 741 469)	(1 867 230)	(39 003 131)	(199 121 212)
<b>Acquisitions</b>	-	-	77 863 169	2 710 453	1 217 706	5 323 944	87 115 272
<b>Capital under Construction</b>	-	-	-	-	-	-	-
<b>Transfers</b>	-	-	(1 452 301)	2 258 878	-	(73 589)	732 988
Cost	-	-	(1 452 301)	2 258 878	-	(73 589)	732 988
Accumulated Depreciation	-	-	-	-	-	-	-
<b>Impairments</b>	-	(797 525)	-	-	-	(26 726)	(824 251)
Impairment	-	(797 525)	-	-	-	(26 726)	(824 251)
<b>Depreciation</b>	-	(1 004 002)	(17 553 984)	(2 129 384)	(288 030)	(6 886 064)	(27 861 465)
Normal Depreciation for the year	-	(1 004 002)	(17 553 984)	(2 129 384)	(288 030)	(6 886 064)	(27 861 465)
<b>Carrying value of disposals</b>	(1 147 593)	(61 098)	(55 489)	-	-	(233 090)	(1 497 270)
Cost	(1 147 593)	(68 000)	(168 157)	-	-	(360 518)	(1 744 269)
Accumulated Impairment	-	-	-	-	-	-	-
Accumulated Depreciation	-	6 902	112 668	-	-	127 428	246 998
<b>Carrying value at 30 June 2019</b>	75 906 273	88 101 033	626 367 095	66 471 200	956 045	41 214 508	899 016 154
<b>Cost</b>	75 906 273	100 123 957	783 109 298	77 342 053	3 111 305	87 618 534	1 127 211 420
Original Cost	75 906 273	100 123 957	783 109 298	77 342 053	3 111 305	87 618 534	1 127 211 420
<b>Accumulated Impairments</b>	-	(797 525)	(19 803)	-	-	(642 260)	(1 459 588)
Original Cost	-	(797 525)	(19 803)	-	-	(642 260)	(1 459 588)
<b>Accumulated Depreciation</b>	-	(11 225 399)	(156 722 400)	(10 870 853)	(2 155 260)	(45 761 767)	(226 735 678)
Original Cost	-	(11 225 399)	(156 722 400)	(10 870 853)	(2 155 260)	(45 761 767)	(226 735 678)

**CAPITALISED RESTORATION COST**

**Net Carrying amount at 1 July**

**13 105 030**

**Cost**

44 946 927

**Accumulated Depreciation**

(31 841 897)

**Acquisitions**

**Under Construction - Cost**

**Disposals**

**Adjustment for the period**

**Depreciation for the year**

**Impairment for the year**

8 013 333

(1 872 147)

**Net Carrying amount at 30 June**

**19 246 216**

**Cost**

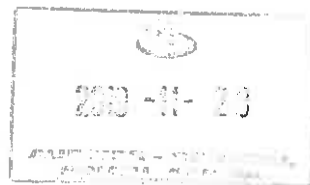
52 960 260

**Accumulated Depreciation**

(33 714 044)

**Total Property, Plant and Equipment**

**918 262 370**



8.1.1 Work in Progress included in the Carrying Value of Property Plant & Equipment  
Original Cost

9 180 003

**R**

977 052

554 803

10 711 859

8.1.2 Expenditure incurred for repairs and maintaining property plant and equipment

**R**  
18 238 440

WITZENBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

PROPERTY, PLANT AND EQUIPMENT CONTINUED

8.2 30 JUNE 2018

Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
<b>Carrying value at 1 July 2017</b>	77 940 867	92 037 334	530 161 900	64 702 111	629 893	41 229 390	806 701 495
<b>Cost</b>	77 940 867	101 276 813	654 132 319	71 589 110	1 893 599	74 419 901	981 252 609
Original Cost	77 940 867	101 276 813	654 132 319	71 589 110	1 893 599	74 419 901	981 252 609
<b>Accumulated Impairment</b>	-	-	(19 803)	-	-	(632 535)	(652 338)
Original Cost	-	-	(19 803)	-	-	(632 535)	(652 338)
<b>Accumulated Depreciation</b>	-	(9 239 479)	(123 950 616)	(6 886 999)	(1 263 706)	(32 557 977)	(173 898 777)
Original Cost	-	(9 239 479)	(123 950 616)	(6 886 999)	(1 263 706)	(32 557 977)	(173 898 777)
<b>Acquisitions</b>	-	-	50 457 091	824 041	-	12 386 363	63 667 495
<b>Capital under Construction</b>	-	-	-	-	-	-	-
<b>Transfers</b>	-	-	2 277 177	(40 429)	-	(2 536 748)	(300 000)
Cost	-	-	2 277 177	(40 429)	-	(2 536 748)	(300 000)
Accumulated Depreciation	-	-	-	-	-	-	-
<b>Revaluations</b>	-	-	-	-	-	-	-
<b>Impairments</b>	-	-	-	-	-	(20 192)	(20 192)
Impairment	-	-	-	-	-	(20 192)	(20 192)
<b>Depreciation</b>	-	(1 105 964)	(15 330 467)	(1 854 470)	(603 524)	(7 244 103)	(26 138 528)
Normal Depreciation for the year	-	-1 105 964.00	(15 330 467)	(1 854 470)	(603 524)	(7 244 103)	(26 138 528)
<b>Carrying value of disposals</b>	(887 000)	(967 712)	-	-	-	(704 676)	(2 559 388)
Cost	(887 000)	(1 084 858)	-	-	-	(1 540 818)	(3 512 674)
Accumulated Impairment	-	-	-	-	-	37 193	37 193
Accumulated Depreciation	-	117 144	-	-	-	798 949	916 093
<b>Carrying value at 30 June 2018</b>	77 053 867	89 963 658	567 565 701	63 631 253	26 370	43 110 033	841 350 881
<b>Cost</b>	77 053 867	100 191 957	706 866 587	72 372 722	1 893 599	82 728 698	1 041 107 430
Original Cost	77 053 867	100 191 957	706 866 587	72 372 722	1 893 599	82 728 698	1 041 107 430
<b>Accumulated Impairments</b>	-	-	(19 803)	-	-	(615 534)	(635 337)
Original Cost	-	-	(19 803)	-	-	(615 534)	(635 337)
<b>Accumulated Depreciation</b>	-	(10 228 299)	(139 281 083)	(8 741 469)	(1 867 230)	(39 003 131)	(199 121 212)
Original Cost	-	(10 228 299)	(139 281 083)	(8 741 469)	(1 867 230)	(39 003 131)	(199 121 212)

CAPITALISED RESTORATION COST

Net Carrying amount at 1 July

16 075 548

Cost  
Accumulated Depreciation

45 710 691  
(29 635 143)

Acquisitions  
Under Construction - Cost  
Disposals  
Adjustment for the period  
Depreciation for the year  
Impairment for the year

(763 764)  
(2 206 755)

Net Carrying amount at 30 June

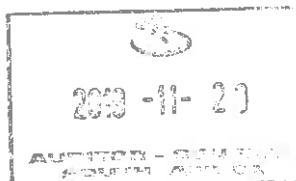
13 105 029

Cost  
Accumulated Depreciation

44 946 927  
(31 841 898)

Total Property, Plant and Equipment

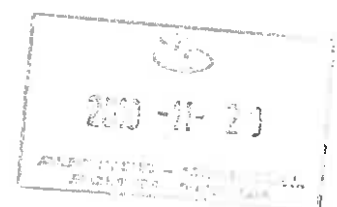
854 455 911



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

<b>8.2.1</b> Work in Progress included in the Carrying Value of Property Plant & Equipment				
Original Cost	58 857 910	977 052	554 803	60 389 766
<b>8.2.2</b> Expenditure incurred for repairs and maintaining property plant and equipment		<u>R</u> 18 886 160		
<b>8.2.3</b> No assets are pledged as security				
<b>8.2.4</b> No assets were in construction or development and consequently halted.				
<b>8.2.5</b> No assets took significantly long to complete.				



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

<b>9</b>		<b>2019</b>	<b>2018</b>
		<b>R</b>	<b>R</b>
<b>INTANGIBLE ASSETS</b>			
<b>Computer Software</b>			
<b>Net Carrying amount at 1 July</b>		<b>2 403 442</b>	<b>2 505 094</b>
Cost		4 986 239	4 498 498
Accumulated Amortisation		(2 582 797)	(1 992 404)
Accumulated Impairment		-	-
Acquisitions		758 988	187 741
Amortisation		(400 025)	(590 393)
Impairment		-	-
Transfers		(732 988)	300 000
Disposals		-	-
Correction of Prior Period Error		-	-
Change in Accounting Policy		-	-
<b>Net Carrying amount at 30 June</b>		<b>2 029 417</b>	<b>2 403 442</b>
Cost		5 012 239	4 986 239
Accumulated Amortisation		(2 982 822)	(2 582 797)
Accumulated Impairment		-	-
No intangible assets are pledged as security			
No intangible assets were in construction or development and consequently halted.			
No intangible assets took significantly long to complete.			
<b>10</b>	<b>INVESTMENT PROPERTY</b>		
<b>Net Carrying amount at 1 July</b>		<b>45 655 635</b>	<b>47 878 177</b>
Cost		48 470 125	50 575 520
Under Construction		-	-
Accumulated Depreciation		(2 814 490)	(2 697 343)
Accumulated Impairment		-	-
Acquisitions		-	-
Depreciation for the year		(281 010)	(281 085)
Carrying value of disposals		(882 839)	(1 941 457)
Cost		(882 839)	(2 105 394)
Accumulated Depreciation		-	163 937
<b>Net Carrying amount at 30 June</b>		<b>44 491 786</b>	<b>45 655 635</b>
Cost		47 587 286	48 470 125
Accumulated Depreciation		(3 095 500)	(2 814 490)
Accumulated Impairment		-	-
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.			
There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.			
Revenue derived from the rental of investment property		4 008 940	4 551 858
Operating expenditure incurred on properties generating revenue		4 817 466	5 136 072
Operating expenditure incurred on properties not generating revenue		-	-



# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

11

### HERITAGE ASSETS

#### Net Carrying amount at 1 July

Cost  
Under Construction  
Accumulated Impairment

Acquisitions  
Disposals  
Impairment  
Transfers from Inventory  
Transfers  
Net Carrying amount at 30 June  
Cost  
Accumulated Impairment

Heritage assets are carried at its cost less any accumulated impairment losses

None of the heritage assets are pledge as security.

2019  
R

2018  
R

550 000

550 000

550 000	550 000
-	-
-	-
-	-
-	-
-	-
550 000	550 000
550 000	550 000
-	-

12

### OPERATING LEASE ARRANGEMENTS

#### Operating Lease

Opening Balance  
Movement during the year  
Balance on 30 June

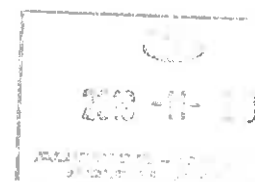
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year  
1 to 5 Years  
More than 5 Years  
Total Operating Lease Arrangements

5 095	8 948
(5 095)	(4 853)
-	5 095
-	-
-	-
-	5 095

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for periods ranging until 2019.





# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
<b>13</b>	<b>TRADE AND OTHER PAYABLE EXCHANGE TRANSACTIONS</b>		
	Payables and Accruals	13 665 914	7 754 548
	Control, Clearing and Interface	44 403	32 518
	Electricity Bulk Purchase	23 304 763	23 570 223
	Accrued Interest	32 667	79 700
	Unallocated Deposits	3 122 162	2 202 946
	Retentions	2 377 252	3 737 645
	Agency Fees Payable	125	63 825
	Advance Payments	4 669 100	7 512 717
	Overtime	972 351	878 609
	<b>Total Trade Payables</b>	<b>48 188 737</b>	<b>45 832 731</b>

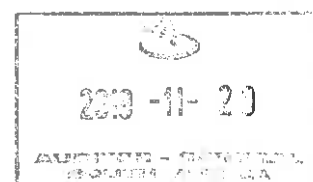
Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

<b>14</b>	<b>CONSUMER DEPOSITS</b>		
	Water and Electricity	4 708 365	4 330 907
	Rental Properties	333 422	302 291
	Building Plans	2 107 948	1 785 197
	<b>Total Consumer Deposits</b>	<b>7 149 735</b>	<b>6 418 394</b>

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.



# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

15

### CURRENT EMPLOYEE BENEFITS

	2019 R	2018 R
Current Portion of Post Employment Health Care Benefits- Note 19	2 326 217	2 085 183
Current Portion of Long-Service Provisions - Note 19	1 177 302	893 152
Current Portion of Ex-gratia Pension Provisions - Note 19	8 432	24 798
Staff Leave	13 148 894	12 353 905
Performance Bonuses	497 567	801 374
Staff Bonuses	4 642 349	3 866 125
<b>Total Current Employee Benefits</b>	<b>21 800 761</b>	<b>20 024 537</b>

The movement in current employee benefits are reconciled as follows:

#### Staff Leave

Balance at beginning of year	12 353 905	10 742 245
Contribution for the year	1 376 029	2 052 689
Expenditure incurred	(581 040)	(441 039)
<b>Balance at end of year</b>	<b>13 148 894</b>	<b>12 353 905</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

#### Performance Bonuses

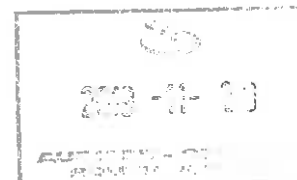
Balance at beginning of year	801 374	815 657
Contribution for the year	499 081	801 372
Expenditure incurred	(802 888)	(815 655)
<b>Balance at end of year</b>	<b>497 567</b>	<b>801 374</b>

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the

#### Staff Bonuses

Balance at beginning of year	3 866 125	3 416 197
Contribution for the year	8 002 499	6 977 450
Expenditure incurred	(7 226 274)	(6 527 523)
<b>Balance at end of year</b>	<b>4 642 350</b>	<b>3 866 124</b>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represents



# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 16 UNSPENT PUBLIC CONTRIBUTIONS

	2019 R	2018 R
China - Water meters	19 533	32 135
Essen Belgium	2 199 763	1 833 369
<b>Total Unspent Public Contributions</b>	<b>2 219 296</b>	<b>1 865 504</b>

#### Reconciliation of public contributions

##### China - Water meters

Opening balance	32 135	49 904
Receipts	-	-
Conditions met - Transferred to revenue	(12 602)	(17 769)
<b>Closing balance</b>	<b>19 533</b>	<b>32 135</b>

3580 Water meters were donated by the Chinese Government to the Witzenberg Municipality. The purpose of the donation is to provide water connections to poor households.

##### Essen Belgium

Opening balance	1 833 369	925 332
Receipts	928 705	1 185 716
Conditions met - Transferred to revenue	(562 311)	(277 679)
<b>Closing balance</b>	<b>2 199 763</b>	<b>1 833 369</b>

A twinning agreement exists between Essen in Belgium and the Witzenberg Municipality. The purpose of the agreement is youth development and crèches.

### 17 BORROWINGS

Annuity and Bullet Loans	5 304 458	7 481 354
Finance Lease Liability	917 951	-
Hire Purchase	-	-
Stock loans	-	-
	<b>6 222 409</b>	<b>7 481 354</b>

Current portion of Non-current	<b>(1 518 058)</b>	<b>(2 176 896)</b>
--------------------------------	--------------------	--------------------

Annuity and Bullet Loans	(1 381 672)	(2 176 896)
Finance Lease Liability	(136 386)	-

**4 704 351                      5 304 458**

Unamortised charges on loans	-	<b>(12 686)</b>
------------------------------	---	-----------------

Opening Balance	(12 686)	(78 471)
Adjustment for the period	12 686	65 785

#### **Total borrowings - At amortised cost using the effective interest rate method**

**4 704 351                      5 291 772**

Refer below for maturity dates of long term liabilities:

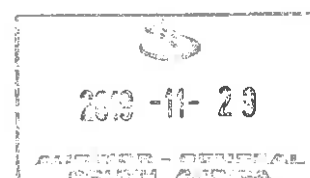
The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans:

Payable within one year	1 792 988	2 870 103
Payable within two to five years	4 414 938	6 068 336
Payable after five years	-	-
	<b>6 207 926</b>	<b>8 938 439</b>

**Less:** Future finance obligations  
**Present value of annuity obligations**

**(903 470)                      (1 457 085)**  
**5 304 455                      7 481 354**



# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### BORROWINGS CONTINUED

**2019**  
**R**

**2018**  
**R**

Annuity loans at amortised cost is calculated at an average 12.47% interest rate, with a final maturity date of 30 June 2023.

The obligations under finance leases are scheduled below:

**Minimum  
lease payments**

Amounts payable under finance leases:

Payable within one year	508 305	-
Payable within two to five years	508 306	-
Payable after five years	-	-
	<u>1 016 611</u>	<u>-</u>
<b>Less:</b> Future finance obligations	(98 660)	-
<b>Present value of lease obligations</b>	<u>917 951</u>	<u>-</u>

### 18 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites  
**Total Non-current Provisions**

86 471 213	71 466 568
<u>86 471 213</u>	<u>71 466 568</u>

The provision includes the rehabilitation cost of landfill sites in Ceres, Prince Alfred's Hamlet, Op-die-Berg, Tulbagh and Wolseley. The expected closing dates and estimated rehabilitation cost of the sites are:

Ceres - 2010 (The site is no longer in operation) - R4 438 522.43  
Prince Alfred's Hamlet - 2025 - R50 003 321.37  
Op-die-Berg - 2024 - R5 943 619.18  
Tulbagh - 2022 - R18 967 155.91  
Wolseley - 2024 - R27 688 032.15

#### Landfill Sites

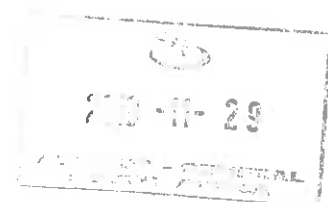
Opening Balance	71 466 568	70 249 120
Unwinding of Interest	7 253 857	7 165 891
Adjustment for the period	7 750 788	(5 948 443)
<b>Total provision 30 June</b>	<u>86 471 213</u>	<u>71 466 568</u>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note	-	-
<b>Balance 30 June</b>	<u>86 471 213</u>	<u>71 466 568</u>
Discount rate	10.15%	10.20%
Inflation Rate	4.50%	4.60%

### 19 EMPLOYEE BENEFITS

Post-employment Health Care Benefits	54 822 267	76 218 928
Long Service Awards	9 483 063	4 991 866
Ex-Gratia Pension Benefits	55 092	47 075
<b>Total Non-current Employee Benefit Liabilities</b>	<u>64 340 422</u>	<u>81 257 869</u>

#### Post-employment Health Care Benefits

Opening Balance	78 304 111	72 375 216
Contribution for the year	3 582 642	3 874 262
Interest Cost	7 465 784	7 018 076
Expenditure for the year	(2 183 586)	(2 144 480)
Amendments	(4 779 243)	-
Actuarial Loss/(Gain)	(25 241 224)	(2 818 963)
<b>Total post retirement Health Care benefits 30 June</b>	<u>57 148 484</u>	<u>78 304 111</u>
<b>Less:</b> Transfer of Current Portion - Note 15	(2 326 217)	(2 085 183)
<b>Balance 30 June</b>	<u>54 822 267</u>	<u>76 218 928</u>



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**19 EMPLOYEE BENEFITS CONTINUED**

**Long Service Awards**

	<b>2019</b>	<b>2018</b>
	<b>R</b>	<b>R</b>
Opening Balance	5 885 018	5 329 057
Contribution for the year	451 234	410 958
Interest Cost	458 677	417 576
Expenditure for the year	(1 025 081)	(579 077)
Amendments	2 236 598	-
Actuarial Loss/(Gain)	2 633 919	306 504
<b>Total long service 30 June</b>	<b>10 640 365</b>	<b>5 885 018</b>

**Less:** Transfer of Current Portion - Note 15  
**Balance 30 June**

(1 177 302)	(893 152)
<b>9 463 063</b>	<b>4 991 866</b>

**Ex-Gratia Pension**

Opening Balance	71 874	154 143
Contribution for the year	-	-
Interest Cost	4 969	8 907
Expenditure for the year	(14 431)	(49 487)
Amendments	-	-
Actuarial Loss/(Gain)	1 112	(41 690)
<b>Total Ex-Gratia 30 June</b>	<b>63 524</b>	<b>71 873</b>

**Less:** Transfer of Current Portion - Note 15  
**Balance 30 June**

(8 432)	(24 798)
<b>55 092</b>	<b>47 075</b>

**TOTAL NON-CURRENT EMPLOYEE BENEFITS**

Balance 1 July	84 261 003	77 858 416
Contribution for the year	4 033 876	4 285 220
Interest cost	7 929 430	7 444 559
Expenditure for the year	(3 223 098)	(2 773 044)
Amendments	(2 542 645)	-
Actuarial Loss/(Gain)	(22 606 193)	(2 554 149)
<b>Total employee benefits 30 June</b>	<b>67 852 373</b>	<b>84 261 002</b>

**Less:** Transfer of Current Portion - Note 15  
**Balance 30 June**

(3 511 951)	(3 003 133)
<b>64 340 422</b>	<b>81 257 869</b>

**19.1 Post-employment Health Care Benefits**

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	241	248
Continuation members (e.g. Retirees, widows, orphans)	52	56
<b>Total Members</b>	<b>293</b>	<b>304</b>

The liability in respect of past service has been estimated to be as follows:

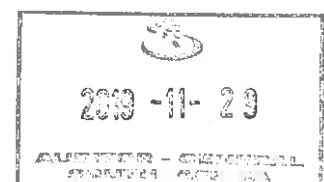
In-service members	27 996 656	52 940 811
Continuation members	29 151 829	25 363 294
<b>Total Liability</b>	<b>57 148 485</b>	<b>78 304 112</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>	<b>R</b>
In-service members	50 585 753	53 302 000	44 877 000
Continuation members	21 789 464	22 699 000	26 563 000
<b>Total Liability</b>	<b>72 375 217</b>	<b>76 001 000</b>	<b>71 440 000</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;  
 Keyhealth.  
 LA Health  
 Hosmed and  
 Samwumed.



# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 19.1 EMPLOYEE BENEFITS CONTINUED

2019

2018

Key actuarial assumptions used:

#### i) Rate of interest

Discount rate	9.36%	9.66%
Health Care Cost Inflation Rate	6.83%	7.44%
Net Effective Discount Rate	2.37%	2.07%

#### ii) Mortality rates

The PA 90 ultimate table was used by the actuaries.

#### iii) Normal retirement age

The normal retirement ages are 65 (for males) and 60 (for females). It has been assumed that male in-service members will retire at age 62 and female in-service members will retire at age 59, on average, which then implicitly allows for expected rates of ill-health and early retirement.

The amounts recognised in the Statement of Financial Position are as follows:

	2019 R	2018 R
Present value of fund obligations	57 148 484	78 304 111
Net liability/(asset)	57 148 484	78 304 111

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

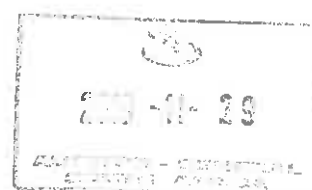
Present value of fund obligation at the beginning of the year	78 304 111	72 375 216
Total expenses	8 864 840	8 747 858
Current service cost	3 582 642	3 874 262
Interest Cost	7 465 784	7 018 076
Benefits Paid	(2 183 586)	(2 144 480)
Amendments	(4 779 243)	-
Actuarial (gains)/losses	(25 241 224)	(2 818 963)
Present value of fund obligation at the end of the year	57 148 484	78 304 111
Less: Transfer of Current Portion - Note 15	(2 326 217)	(2 085 183)
Balance 30 June	54 822 267	76 218 928

#### Sensitivity Analysis on the Accrued Liability at 30 June 2019

Assumption	In-service	Continuation	Total liability
Central Assumptions	27 997	29 152	57 148

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service	Continuation	Total liability	% change
Central assumptions		27 997	29 152	57 148	
Health care inflation	1%	30 785	32 113	62 898	10
Health care Inflation	-1%	24 476	26 593	51 069	-11
Mortality rate	20%	26 612	27 062	73 582	-6
Mortality rate	-20%	29 647	31 780	84 157	7



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**EMPLOYEE BENEFITS CONTINUED**

**2019**

**2018**

**19.2 Long Service Awards**

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

516

506

**i) Rate of interest**

Discount rate	8.13%	8.42%
General Salary Inflation (long-term)	5.55%	6.07%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.44%	2.22%

**2019**  
**R**

**2018**  
**R**

**The amounts recognised in the Statement of Financial Position are as follows:**

Present value of fund obligations

10 640 365

5 885 018

**Net liability**

**10 640 365**

**5 885 018**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

**2017**  
**R**

**2016**  
**R**

**2015**  
**R**

Present value of fund obligations

5 329 057

5 601 000

5 648 000

**Net liability**

**5 329 057**

**5 601 000**

**5 648 000**

**2019**  
**R**

**2018**  
**R**

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year

5 885 018

5 329 057

Total expenses

(115 170)

249 457

Current service cost

451 234

410 958

Interest Cost

458 677

417 576

Benefits Paid

(1 025 081)

(579 077)

2 236 598

-

Actuarial (gains)/losses

2 633 919

306 504

Present value of fund obligation at the end of the year

10 640 365

5 885 018

**Less:** Transfer of Current Portion - Note 15

(1 177 302)

(893 152)

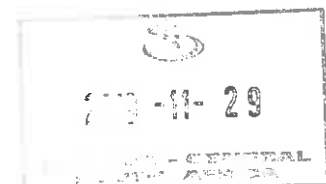
**Balance 30 June**

**9 463 063**

**4 991 866**

**Sensitivity Analysis on the Accrued Liability at 30 June 2019**

<b>Assumption</b>	<b>Change</b>	<b>Liability (R'000)</b>	<b>% change</b>
Central assumptions		10 640	
General salary inflation	1.00%	11 311	6%
General salary inflation	-1.00%	10 033	-6%
Withdrawal rates	20%	10 151	-5%
Withdrawal rates	-20%	11 177	5%



# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### EMPLOYEE BENEFITS CONTINUED

2019

2018

#### 19.3 Ex-Gratia Pension Benefits

The Ex-Gratia Pension Benefits plans are defined benefit plans.

As at year end, the following number of employees were eligible for Ex-Gratia Pension Benefits.

19

20

#### i) Rate of interest

Discount rate

8.11%

8.32%

2019  
R

2018  
R

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations

63 524

71 873

Net liability

63 524

71 873

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

2017  
R

2016  
R

2015  
R

Present value of fund obligations

154 143

330 000

244 001

Net liability

154 143

330 000

244 001

### EMPLOYEE BENEFITS CONTINUED

2019  
R

2018  
R

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year

71 874

154 143

Total expenses

(9 462)

(40 580)

Current service cost

-

-

Interest Cost

4 969

8 907

Benefits Paid

(14 431)

(49 487)

Actuarial (gains)/losses

1 112

(41 690)

Present value of fund obligation at the end of the year

63 524

71 873

Less: Transfer of Current Portion - Note

(8 432)

(24 798)

Balance 30 June

55 092

47 075

#### Sensitivity Analysis on the Accrued Liability at 30 June 2019

#### Assumption

Change

Total liability

% change

Central assumptions

64

Withdrawal rates

+20%

63

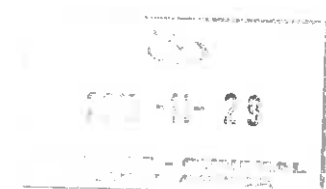
-1.0%

Withdrawal rates

-20%

64

1.0%





# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### EMPLOYEE BENEFITS CONTINUED

2019  
R

2018  
R

#### 19.4 Retirement funds

##### CAPE JOINT PENSION FUND

The funding level of the CJPF (Pensions Account section) was 105.1% as at the 30 June 2013 valuation date compared with a 99.4% funding level as at 30 June 2012. The Fund is in a sound financial condition at the valuation date. As at the 30 June 2013 valuation date (in totality) the members contributed at a rate of 9% of pensionable salaries and (in totality) the Local Authorities contributed at a rate of 18% of pensionable salaries.

Contributions paid recognised in the Statement of Financial Performance

452 630

417 609

##### SOUTH AFRICAN LOCAL AUTHORITIES PENSION FUND

The funding level at the most recent actuarial valuation (1 July 2012) of 100% was calculated on a Discounted Cash Flow (DCF) basis. The funding level has improved since the previous valuation. The valuation actuary recommended that the prevailing employer contribution rate at 1 July 2012 be maintained at 15.26%. This includes a margin of 3.92% over and above the contribution rate required to fund the Projected Unit Method future service benefits and associated costs.

Contributions paid recognised in the Statement of Financial Performance

447 341

538 053

##### DEFINED CONTRIBUTION FUNDS

Council contributes to: the Government Employees Pension Fund; Municipal Council Pension Fund; National Fund for Municipal Workers (IMATU); and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Cape Joint Retirement Fund

19 879 356

17 847 981

Municipal Councillors Pension Fund

376 558

350 814

National Fund For Municipal Employees (IMATU)

122 374

157 852

SAMWU National Provident Fund

4 118 954

3 948 150

24 497 242

22 304 798

#### 20 NET ASSET RESERVES

Capital Replacement Reserve

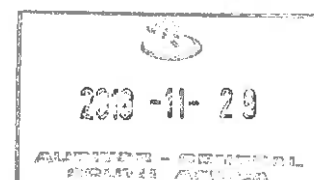
10 354 788

10 354 788

Total Net Asset Reserves

10 354 788

10 354 788



# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

21

### PROPERTY RATES

2019  
R

2018  
R

#### Actual

#### Rates Levied

77 362 366

70 444 618

Business  
Building Clauses  
Rural  
Public Benefit Organisations  
Industrial Properties  
Residential Properties  
State-owned Properties  
Vacant Land  
Public Service Infrastructure

12 772 509	12 159 802
101 951	123 633
18 033 214	15 353 398
-	-
8 796 899	8 448 403
25 394 167	24 275 379
10 678 347	7 650 340
1 564 945	2 417 360
20 334	16 303

Less: Revenue Forgone  
**Total Assessment Rates**

(7 483 131)	(6 609 239)
<b>69 879 235</b>	<b>63 835 379</b>

#### Valuations - 1 JULY

#### Land and Buildings

Residential Property  
Commercial Property  
Industrial Property  
Informal Property  
Agricultural Purposes  
State - National/ Provincial Services  
Public Service Infrastructure  
Vacant Property  
**Total Valuation**

4 044 998 700	3 015 206 263
1 011 580 500	791 141 000
607 087 500	451 895 000
37 168 500	32 759 000
12 711 816 000	5 215 121 100
822 438 000	403 270 600
9 948 500	6 575 000
171 543 300	180 766 353
<b>19 416 581 000</b>	<b>10 096 734 316</b>

Assessment Rates are levied on the value of land and improvements. The valuation is performed every 4-6 years. The last valuation came into effect on 1 July 2018. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

#### Rates:

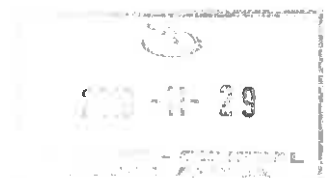
Residential	0.825c/R	0.991c/R
Commercial	1.490c/R	1.883c/R
Industrial	1.490c/R	1.883c/R
Bona Fide Agricultural	0.100c/R	0.248c/R

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential - The first R120 000 on the valuation is exempted.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.



# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

22	TRANSFERS AND SUBSIDIES	2019 R	2018 R
	<b>Unconditional Grants</b>	<b>84 602 000</b>	<b>70 412 000</b>
	Equitable Share	84 602 000	70 412 000
	<b>Conditional Grants</b>	<b>74 776 571</b>	<b>58 276 511</b>
	Grants and donations	74 776 571	58 276 511
	Subsidies	-	-
	<b>Total Government Grants and Subsidies</b>	<b>159 378 571</b>	<b>128 688 511</b>
	Government Grants and Subsidies - Capital	54 177 081	34 481 262
	Government Grants and Subsidies - Operating	105 201 490	94 207 249
		<b>159 378 571</b>	<b>128 688 511</b>

Please refer to appendix D for more detailed disclosure of Government Grants and Subsidies.

The Municipality does not expect any significant changes to the level of grants.

### 22.1 Equitable share

Opening balance	-	-
Grants received	84 602 000	70 412 000
Conditions met - Operating	(84 602 000)	(70 412 000)
Conditions met - Capital	-	-
Write off / Transfers	-	-
Conditions still to be met/(Grant expenditure to be recovered)	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

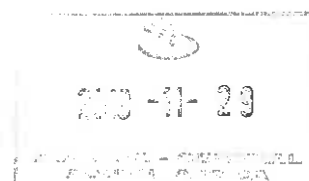
### 22.2 Local Government Financial Management Grant (FMG)

Opening balance	17 747	(261 315)
Grants received	1 550 000	1 550 000
Conditions met - Operating	(940 825)	(1 259 695)
Conditions met - Capital	-	(11 243)
Conditions still to be met/(Grant expenditure to be recovered)	<b>626 922</b>	<b>17 747</b>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

### 22.3 Expanded Public Works Programme

Opening balance	(29 359)	(14 044)
Grants received	1 780 000	1 485 000
Conditions met - Operating	(2 026 381)	(1 500 315)
Conditions met - Capital	-	-
Conditions still to be met/(Grant expenditure to be recovered)	<b>(275 740)</b>	<b>(29 359)</b>

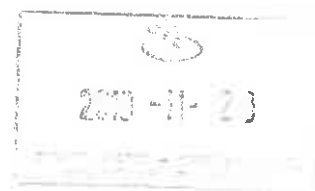


# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### GOVERNMENT GRANTS AND SUBSIDIES CONTINUED

	2019 R	2018 R
<b>22.4 Municipal Infrastructure Grant (MIG)</b>		
Opening balance	(95 671)	(90 419)
Grants received	22 031 000	22 739 000
Conditions met - Operating	-	-
Conditions met - Capital	(22 030 489)	(22 744 251)
Conditions still to be met/(Grant expenditure to be recovered)	<u>(95 160)</u>	<u>(95 670)</u>
The grant was used to upgrade infrastructure in previously disadvantaged areas.		
<b>22.5 Housing Grants</b>		
Opening balance	3 295 671	566 634
Grants received	29 982 563	30 567 514
Conditions met - Operating	(8 771 481)	(12 643 351)
Conditions met - Capital	(25 743 845)	(15 195 126)
Conditions still to be met/(Grant expenditure to be recovered)	<u>(1 237 092)</u>	<u>3 295 671</u>
Housing grants was utilised for the development of erven and the erection of top structures.		
<b>22.6 Integrated National Electrification Grant</b>		
Opening balance	(801 458)	(801 458)
Grants received	5 000 000	-
Conditions met - Operating	-	-
Conditions met - Capital	(4 849 738)	-
Write off / Transfers	-	-
Conditions still to be met/(Grant expenditure to be recovered)	<u>(651 196)</u>	<u>(801 458)</u>
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
<b>22.7 Library services</b>		
Opening balance	-	(143)
Grants received	9 342 000	8 050 000
Conditions met - Operating	(8 942 000)	(8 049 857)
Conditions met - Capital	-	-
Conditions still to be met/(Grant expenditure to be recovered)	<u>400 000</u>	<u>-</u>
<b>22.8 Other Grants</b>		
Opening balance	2 848 987	1 914 470
Grants received	13 537 705	2 909 716
Conditions met - Operating	(581 364)	(1 437 299)
Conditions met - Capital	(5 815 625)	(357 901)
Write off / Transfers	-	(180 000)
Conditions still to be met/(Grant expenditure to be recovered)	<u>9 989 703</u>	<u>2 848 986</u>
Various grants were received from other spheres of government of which the material ones are: RBIG R9.3 million and Essen R2.2 million, etc.		
<b>22.9 Total Grants</b>		
Opening balance	5 235 917	1 313 725
Grants received	167 825 268	137 713 230
Conditions met - Operating	(105 864 051)	(95 302 517)
Conditions met - Capital	(58 439 697)	(38 308 521)
Write off / Transfers	-	(180 000)
Conditions still to be met/(Grant expenditure to be recovered)	<u>8 757 437</u>	<u>5 235 917</u>
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	10 575 042	5 750 091
Unpaid Conditional Government Grants and Receipts	<u>(4 036 901)</u>	<u>(2 379 678)</u>
	<u>6 538 141</u>	<u>3 370 413</u>



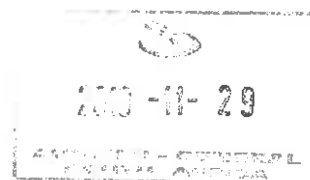
# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
		R	R
<b>23</b>	<b>SERVICE CHARGES</b>		
	Electricity	222 677 633	210 725 381
	Water	38 997 795	48 815 990
	Refuse removal	35 231 260	31 788 924
	Sewerage and Sanitation Charges	38 563 609	36 353 497
	Bulk service levies	-	-
		<u>335 470 297</u>	<u>327 683 792</u>
	Less: Revenue Forgone	(30 270 918)	(21 514 158)
	<b>Total Service Charges</b>	<u><b>305 199 379</b></u>	<u><b>306 169 634</b></u>
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
<b>24</b>	<b>Operational Revenue</b>		
	Insurance Refund	578 123	4 011 107
	Collection Charges	50 606	89 850
	Breakages and Losses Recovered	6 415	32 459
	Merchandising, Jobbing and Contracts	24 120	86 031
	Other	670 323	345 553
	<b>Total Operational Revenue</b>	<u><b>1 329 587</b></u>	<u><b>4 565 000</b></u>
<b>25</b>	<b>Sales of Goods and Rendering of services</b>		
	Application Fees for Land Usage	62 649	48 235
	Building Plan Approval	978 741	690 01
	Camping Fees	1 927 064	2 252 863
	Cemetery and Burial	223 919	245 871
	Entrance Fees	774 716	775 814
	Other	487 490	1 199 750
	<b>Total Sales of Goods and Rendering of services</b>	<u><b>4 454 579</b></u>	<u><b>5 212 551</b></u>
<b>26</b>	<b>EMPLOYEE RELATED COSTS</b>		
	Salaries and Wages	110 406 072	97 461 559
	Bargaining Council Levy	526 254	52 577
	Bonuses	8 501 580	7 778 822
	Contributions For Pensions	14 933 113	13 786 586
	Contributions For Medical Aids	7 362 175	6 749 682
	Contributions For UIF	856 028	796 059
	Group Life Insurance	1 625 855	1 463 719
	Housing Benefits and Allowances	1 447 541	1 445 756
	Leave Reserve	1 376 029	2 052 699
	Long service awards	451 234	410 958
	Overtime	11 260 169	11 105 780
	Post Employment Health Care Benefits	1 039 997	3 874 262
	Travel, Motor Car, Accommodation, Subsistence and Other Allowances	6 716 050	6 261 280
		<u>166 502 097</u>	<u>153 239 739</u>
	Less: Employee Cost allocated elsewhere	-	-
	<b>Total Employee Related Costs</b>	<u><b>166 502 097</b></u>	<u><b>153 239 739</b></u>

### KEY MANAGEMENT PERSONNEL

The Municipal Manager and Directors are appointed on fixed term contracts.



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

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**EMPLOYEE RELATED COSTS CONTINUED**

**REMUNERATION OF KEY MANAGEMENT PERSONNEL**

***Remuneration of the Municipal Manager***

	2019 R	2018 R
Annual Remuneration	995 332	908 826
Performance Bonuses	179 167	197 898
Travelling Allowance	108 000	72 000
Housing Allowance	-	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	250 237	250 237
Travelling Expenses	-	36 000
Leave encashment	-	-
Other Allowance	53 033	50 240
<b>Total</b>	<b>1 585 770</b>	<b>1 515 201</b>

***Remuneration of the Director Technical Services***

Annual Remuneration	591 776	609 743
Performance Bonuses	147 970	154 803
Travelling Allowance	501 867	9 883
Contributions to UIF, Medical, Pension Funds and Bargaining Council	3 779	3 779
Travelling Expenses	-	-
Leave encashment	-	44 229
Other Allowance	43 350	34 481
<b>Total</b>	<b>1 288 743</b>	<b>856 919</b>

***Remuneration of the Director Corporate Services***

Annual Remuneration	891 760	823 852
Performance Bonuses	146 454	153 351
Travelling Allowance	212 231	193 942
Housing Allowance	-	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	-
Travelling Expenses	-	18 636
Leave encashment	-	-
Other Allowance	58 667	49 784
<b>Total</b>	<b>1 309 112</b>	<b>1 239 565</b>

***Remuneration of the Director Financial Services***

Annual Remuneration	532 465	915 496
Performance Bonuses	164 648	154 803
Travelling Allowance	-	70 325
Housing Allowance	-	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	2 572	192 812
Travelling Expenses	-	2 926
Leave encashment	52 924	70 564
Other Allowance	9 600	19 200
<b>Total</b>	<b>762 209</b>	<b>1 426 125</b>

***Remuneration of the Director Community Services***

Annual Remuneration	-	853 992
Performance Bonuses	164 648	154 803
Travelling Allowance	-	90 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	315	42 413
Leave encashment	-	94 085
Travelling Expenses	1 146	4 932
<b>Total</b>	<b>166 109</b>	<b>1 240 226</b>

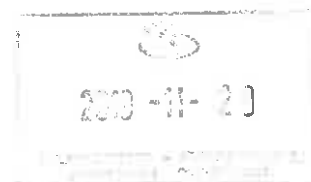
27

**REMUNERATION OF COUNCILLORS**

Executive Mayor	635 169	604 288
Deputy Mayor	580 166	557 428
Speaker	578 547	556 871
Mayoral Committee Members	2 149 094	2 063 951
Ordinary Councillors	4 281 097	4 232 338
Pension fund contributions	1 049 153	1 018 053
Medical aid contributions	184 356	137 142
<b>Total Councillors' Remuneration</b>	<b>9 457 582</b>	<b>9 170 071</b>

***In-kind Benefits***

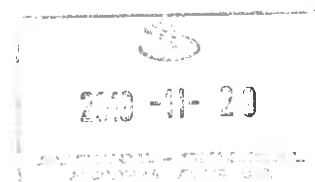
The Executive Mayor, Speaker and all the Mayoral committee members are full-time. The Executive Mayor, Speaker and all the Mayoral committee members are provided with secretarial support and an office at the cost of the Council.



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

		<b>2019</b>	<b>2018</b>
		<b>R</b>	<b>R</b>
<b>28</b>	<b>IMPAIRMENT</b>		
	Long term Receivables - Note		
	Receivables from exchange transactions - Note 3	30 187 133	24 346 623
	Receivables from non-exchange transactions - Note 4	10 128 852	17 050 073
	<b>Total Contribution to Debt Impairment</b>	<b>40 315 985</b>	<b>41 396 696</b>
<b>29</b>	<b>DEPRECIATION AND AMORTISATION</b>		
	Property Plant and Equipment	27 861 465	26 138 527
	Investment Property	281 010	281 085
	Intangible Assets	400 025	590 393
	Capitalised restoration cost	1 872 147	2 206 755
	<b>Total Depreciation and Amortisation</b>	<b>30 414 647</b>	<b>29 216 760</b>
<b>30</b>	<b>(IMPAIRMENT LOSS) / REVERSAL OF IMPAIRMENT</b>		
	Heritage Assets		
	Intangible Assets		
	Investment Property		
	Property Plant & Equipment	824 251	20 192
	<b>Total Impairments</b>	<b>824 251</b>	<b>20 192</b>
<b>31</b>	<b>FINANCE CHARGES</b>		
	Borrowing	581 744	1 014 902
	Finance leases	81 474	50 628
	Bank Overdraft		
	Ex-Gratia Pension	4 969	8 907
	Post Employment Health Care Benefits	7 465 784	7 018 076
	Long service awards	458 677	417 576
	Interest costs non-current Provision	7 253 857	7 165 891
	Other		
	<b>Total finance charges</b>	<b>15 846 505</b>	<b>15 675 980</b>



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**32 BULK PURCHASES**

Electricity	188 783 412	179 705 387
<b>Total Bulk Purchases</b>	<b>188 783 412</b>	<b>179 705 387</b>

**33 CONTRACTED SERVICES**

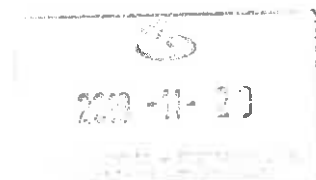
Tracing agents and debt collection	1 027 804	908 005
Legal Cost	1 419 860	1 149 742
Fire Services	94 546	1 229 496
Maintenance Building and Facilities	1 156 260	1 249 299
Traffic Fines Management	548 603	1 378 718
Maintenance of Unspecified Assets	1 481 763	2 599 012
Business and Advisory	3 825 803	2 994 159
Security Services	11 940 097	8 825 906
Infrastructure and Planning	13 885 349	10 484 109
Other	6 591 119	5 282 316
	<b>41 971 204</b>	<b>36 100 762</b>

**34 TRANSFERS AND SUBSIDIES: OPERATIONAL EXPENDITURE**

	<b>2019</b>	<b>2018</b>
	<b>R</b>	<b>R</b>
Sport	46 615	104 258
Public Schools	95 000	130 000
Bursaries (Non-Employee)	299 947	492 353
Housing Support	8 771 481	12 643 351
Council	-	23 000
Tourism	805 600	767 230
<b>Total Transfers and Subsidies: Operational Expenditure</b>	<b>10 018 643</b>	<b>14 160 192</b>

**35 OPERATIONAL COST**

Advertising, Publicity and Marketing	675 903	815 529
Bank Charges, Facility and Card Fees	716 266	796 924
Commission	2 037 177	1 872 305
Communication	2 692 032	2 878 905
External Audit Fees	3 242 451	2 727 865
External Computer Service	2 265 371	2 324 256
Hire Charges	5 110 871	4 825 611
Insurance Underwriting	2 691 347	1 927 695
Learnerships and Internships	605 457	454 322
Levies Paid - Water Resource Management Charges	630 469	483 781
Licences	346 598	238 166
Printing, Publications and Books	646 015	332 842
Professional Bodies, Membership and Subscription	1 778 405	1 676 583
Remuneration to Ward Committee	1 314 500	683 000
Signage	650 342	632 219
Transport Provided as Part of Departmental Activities	146 669	199 235
Travel and Subsistence	1 221 632	1 498 989
Uniform and Protective Clothing	1 549 687	1 096 213
Wet Fuel	6 011 285	5 148 845
Other	704 244	937 141
<b>Total Operational cost</b>	<b>35 036 721</b>	<b>31 550 426</b>

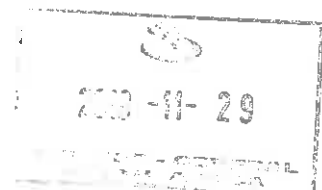




**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

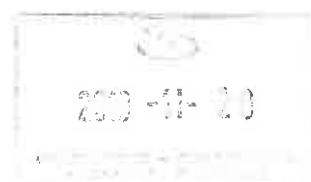
36	CORRECTION OF ERROR IN TERMS OF GRAP 3	2019 R	2018 R
36.1	<b>Trade and Other Payable Exchange Transactions</b>		
	Balance previously reported		44 888 335
	Correction of outstanding retention money - Note 36.2		57 713
	Correction of Cash received for shares - Note 36.5		363 424
	Correction Leave Payment - Note 37.6		(363 979)
	Correction Medical - Note 37.15		(2 764)
	Correction Commission - Note 37.14		11 454
	Correction Group Life - Note 37.14		(62)
	Correction Overtime - Note 37.12		878 609
	Balance now reported		<u>45 832 730</u>
36.2	<b>Property, Plant and Equipment</b>		
	Balance previously reported		843 242 421
	Correction of outstanding retention money - Note 36.1		(1 302 655)
	Correction of Land Disposals		(317 000)
	Property, plant and equipment adjustments		(271 885)
	Reallocation of Capitalised Restoration cost		13 105 030
	Balance now reported		<u>854 455 911</u>
36.3	<b>Investment property</b>		
	Balance previously reported		45 659 838
	Sale of land - Note 36.4		(4 203)
	Balance now reported		<u>45 655 635</u>
36.4	<b>Receivables from exchange transactions</b>		
	Balance previously reported		51 223 41.
	Sale of land - Note 36.3		84 000
	Balance now reported		<u>51 307 415</u>
36.5	<b>Receivables from non-exchange transactions</b>		
	Balance previously reported		11 158 768
	Debtor in respect of SARS review duplicated - Note 37.25		(524 109)
	Correction of Cash received for shares - Note 36.1		363 424
	Traffic Fines Correction - Note 37.8		220 950
	Balance now reported		<u>11 219 033</u>
36.6	<b>Current Employee Benefits</b>		
	Balance previously reported		19 695 805
	Correction Leave Payment - Note 37.1		363 979
	Correction Staff Bonuses - Note 37.24		(35 247)
	Balance now reported		<u>20 024 537</u>
36.7	<b>VAT Receivable (net)</b>		
	Balance previously reported		7 350 212
	Correction of outstanding retention money - Note 36.2		1 360 368
	Balance now reported		<u>8 710 580</u>
36.8	<b>FINES, PENALTIES AND FORFEITS</b>		
	Balance previously reported		22 001 770
	Traffic Fines Correction - Note 37.5		1 667 850
	Balance now reported		<u>23 669 620</u>
36.9	<b>SERVICE CHARGES: Refuse removal</b>		
	Balance previously reported		27 968 180
	Free refuse removals at informal areas - Note 37.11		3 820 744
	Balance now reported		<u>31 788 924</u>
36.10	<b>SERVICE CHARGES: Sewerage and Sanitation Charges</b>		
	Balance previously reported		32 648 952
	Free sanitation services at informal areas - Note 37.11		3 704 545
	Balance now reported		<u>36 353 497</u>
36.11	<b>SERVICE CHARGES: Revenue Forgone</b>		
	Balance previously reported		(13 988 869)
	Free refuse removals at informal areas - Note 36.9		(3 820 744)
	Free sanitation services at informal area - Note 37.10		(3 704 545)
	Balance now reported		<u>(21 514 158)</u>



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

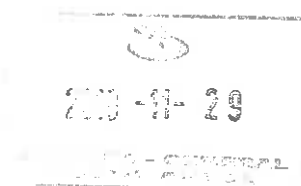
<b>36.12 EMPLOYEE RELATED COST</b>	
<b>Balance previously reported</b>	<b>152 397 783</b>
Correction Overtime - Note 37.1	878 609
Correction Staff Bonuses - Note 37.24	(35 247)
Correction Medical - Note 37.1	(2 764)
Correction Staff Bonus Allocation - Note 37.24	1 358
<b>Balance now reported</b>	<b>153 239 739</b>
<b>36.13 Receipts from Taxation</b>	
<b>Balance previously reported</b>	<b>63 592 093</b>
Revenue from Surcharges and Taxes was included with sales of goods and services - Note 37.14	3 963 004
<b>Balance now reported</b>	<b>67 555 097</b>
<b>36.14 Receipts from Sales of goods and services</b>	
<b>Balance previously reported</b>	<b>308 615 009</b>
Revenue from Surcharges and Taxes was included with sales of goods and services - Note 37.13	(3 963 004)
Correction of Cash received for shares - Note 37.4	(363 424)
Correction Commission - Note 37.1	(11 454)
Correction Group Life - Note 37.1	62
<b>Balance now reported</b>	<b>304 277 189</b>
<b>36.15 Payments in respect of employee cost</b>	
<b>Balance previously reported</b>	<b>(141 722 476)</b>
Finance charges on employee benefits included with Finance Charges and not Employee Cost - Note 37.17	(7 444 559)
Correction Leave Payment - Note 37.6	363 979
Correction Medical - Note 37.1	2 764
Correction Overtime - Note 37.1	(878 609)
Correction Staff Bonus Allocation - Note 37.24	(1 358)
<b>Balance now reported</b>	<b>(149 680 259)</b>
<b>36.16 Payments to suppliers</b>	
<b>Balance previously reported</b>	<b>(282 663 051)</b>
Unamortised charges on loans included with Suppliers and not with Finance Charges - Note 37.17	(65 785)
Finance charges on provisions included with Finance Charges and not Suppliers - Note 37.17	(7 165 891)
Correction of Cash received for shares - Note	363 424
Correction Leave Payment	(363 979)
Correction Medical - Note 37.1	(2 764)
Correction Commission - Note 37.1	11 454
Correction Group Life - Note 37.1	(62)
Correction Overtime - Note 37.1	878 609
Correction Staff Bonus Allocation - Note 37.16	1 358
Correction - Grant Revenue and Expenditure	(240 000)
Correction of Retentions	54 830
<b>Balance now reported</b>	<b>(289 191 857)</b>
<b>36.17 Finance charges paid</b>	
<b>Balance previously reported</b>	<b>(15 875 980)</b>
Unamortised charges on loans included with Suppliers and not with Finance Charges - Note 37.16	65 785
Finance charges on employee benefits included with Finance Charges and not Employee Cost - Note 37.15	7 444 559
Finance charges on provisions included with Finance Charges and not Suppliers - Note 37.16	7 165 891
<b>Balance now reported</b>	<b>(999 745)</b>
<b>36.18 Remuneration of the Municipal Manager: Performance Bonuses</b>	
<b>Amount previously reported</b>	<b>143 098</b>
Correction of Disclosure	54 800
<b>Amount now reported</b>	<b>197 898</b>
<b>36.19 Remuneration of the Director Technical Services: Performance Bonuses</b>	
<b>Amount previously reported</b>	<b>118 043</b>
Correction of Disclosure	36 760
<b>Amount now reported</b>	<b>154 803</b>
<b>36.20 Remuneration of the Director Corporate Services: Performance Bonuses</b>	
<b>Amount previously reported</b>	<b>131 327</b>
Correction of Disclosure	22 024
<b>Amount now reported</b>	<b>153 351</b>



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

<b>36.21</b>	<b>Remuneration of the Director Financial Services: Performance Bonuses</b>	
	Amount previously reported	131 327
	Correction of Disclosure	23 476
	<b>Amount now reported</b>	<b>154 803</b>
<b>36.22</b>	<b>Remuneration of the Director Community Services: Performance Bonuses</b>	
	Amount previously reported	118 043
	Correction of Disclosure	36 760
	<b>Amount now reported</b>	<b>154 803</b>
<b>36.23</b>	<b>Intangible asset</b>	
	Amount previously reported	2 649 745
	Correction of Disclosure	(246 303)
	<b>Amount now reported</b>	<b>2 403 442</b>
<b>36.24</b>	<b>Capitalised Restoration Cost</b>	
	Amount previously reported	13 105 030
	Correction of Disclosure	-13 105 030
	<b>Amount now reported</b>	<b>-</b>
<b>36.25</b>	<b>Accumulated Surplus as at 30 June 2018</b>	
	Balance previously reported	837 065 896
	Debtor in respect of SARS review duplicated - Note 36.5	(524 109)
	Correction of error - Retentions - Note 37.1	378 650
	Sale of Land - Note 37.4	52 191
	Correction of Fines Revenue - Note 36.8	1 667 850
	Correction of impairment of Fines Receivable - Note 37.18	(1 825 550)
	Correction Staff Bonus Allocation - Note 37.16	(1 35
	Correction Group Life - Note 37.1	62
	Correction Commission - Note 37.1	(11 454)
	Correction Medical - Note 37.1	2 764
	Correction Overtime - Note 37.1	(878 609)
	Correction Staff Bonuses - Note 37.6	35 247
	Correction Staff Bonus Allocation - Note 37.16	1 358
	Sale of land - Note 36.3	27 606
	Correction Land Disposal	(317 000)
	Depreciation	(518 187)
	<b>Balance now reported</b>	<b>835 155 357</b>



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

37	<b>RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS</b>	<b>2019 R</b>	<b>2018 R</b>
	Surplus/(Deficit) for the year	56 529 504	46 374 671
	<b>Adjustments for:</b>		
	Depreciation	30 014 622	28 626 368
	Amortisation of Intangible Assets	400 025	590 393
	Gain / (loss) on disposal of assets	(1 157 232)	1 377 920
	Gain / (loss) on Adjustment of Provision	(262 545)	(5 184 679)
	Unamortised Discount on Loans	12 686	65 785
	Debt Impairment	40 315 985	41 396 696
	Stock Adjustments	2 244	(274)
	Contribution from/to provisions	7 253 857	7 165 891
	Contribution from/to employee benefits	7 464 970	11 004 039
	Gain / (loss) on Actuarial Valuations	(22 606 193)	(2 554 149)
	(Impairment loss) / Reversal of impairment loss	824 251	20 192
	Operating lease income accrued	5 095	4 853
	Operating Surplus/(Deficit) before changes in working capital	118 797 269	128 887 706
	Changes in working capital	(36 897 320)	(44 855 353)
	<b>Increase/(Decrease) in Trade and Other Payables</b>	<b>2 356 006</b>	<b>2 082 323</b>
	<b>Increase/(Decrease) in Unspent Conditional Government Grants and Receipts</b>	<b>4 824 951</b>	<b>3 148 933</b>
	<b>Increase/(Decrease) in Unspent Public Contributions</b>	<b>353 792</b>	<b>890 268</b>
	<b>Increase/(Decrease) in Taxes</b>	<b>1 671 771</b>	<b>(2 477 723)</b>
	<b>(Increase)/Decrease in Inventory</b>	<b>(293 047)</b>	<b>(2 054 046)</b>
	<b>(Increase)/Decrease in Trade and other receivables</b>	<b>(44 153 571)</b>	<b>(46 328 100)</b>
	<b>(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts</b>	<b>(1 657 223)</b>	<b>(117 008)</b>
	<b>Cash generated/(absorbed) by operations</b>	<b>81 899 949</b>	<b>84 032 353</b>



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

<b>38 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>	<b>2019 R</b>	<b>2018 R</b>
Cash and Cash Equivalents - Note 2	94,271,685	97,505,902
Less:	10,575,042	5,750,091
Unspent Committed Conditional Grants - Note 6	10,575,042	5,750,091
VAT - Note 7	-	-
<b>Resources available for working capital requirements</b>	<b>83,696,643</b>	<b>91,755,811</b>
<b>Allocated to:</b>		
Capital Replacement Reserve	10,354,788	10,354,788
Employee Benefits Reserve	86,141,183	101,282,406
Non-Current Provisions Reserve	86,471,213	71,466,568
<b>Shortfall in working capital requirements</b>	<b>(99,270,541)</b>	<b>(91,347,951)</b>

<b>39 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term Liabilities - Note 17	6,222,409	7,481,354
Used to finance property, plant and equipment - at cost	(6,222,409)	(7,481,354)
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		

<b>40 IRREGULAR EXPENDITURE</b>		
<u>Irregular expenditure</u>		
Reconciliation of irregular expenditure:		
Opening balance	-	-
Irregular expenditure identified current year but relating to prior year	19,358,608	-
Irregular expenditure current year	8,315,750	-
Approved by Council	-	-
Irregular expenditure awaiting further action	27,674,357	-

<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>
SCM Regulation 32 contracts classified as irregular during audit process by AGSA. The contracts used of other organs of state was on rates with no fixed quantities and therefore it cannot be said that any part of the contract is irregular or the whole contract as currently disclosed. The municipality is not in agreement with this view and this issue will be dealt with in terms of the audit engagement letter process. Prior and current year being disclosed as per opinion of AGSA.	Matter will be dealt with in terms of applicable laws and regulations.

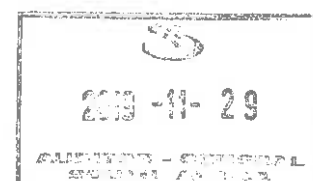
**41 MATERIAL LOSSES**

<b>40.1 Water distribution losses</b>		
- Kilolitres purified	6,408,993	5,779,052
- Kilolitres sold	5,272,674	4,745,794
- Kilolitres lost during distribution	1,136,319	1,033,258
- Percentage lost during distribution	17.73%	17.88%
- Value of kilolitres lost during distribution	447,470	462,067
- The value of kilolitres lost is based on the treatment cost of water.		

The estimated consumption for public open spaces and informal houses are calculated on a conservative bases using baseline consumption estimations provided by the Department of Water Affairs. Water meters will be installed to measure the mentioned consumption in the future.

<b>40.2 Electricity distribution losses</b>		
- Units purchased (Kwh)	197,563,881	201,379,459
- Units sold (Kwh)	176,799,664	181,544,559
- Units lost during distribution (Kwh)	20,764,217	19,834,900
- Percentage lost during distribution	10.51%	9.85%
- Value of units lost during distribution (Rand)	19,841,378	17,700,109

The electricity losses are in line with the guideline of the National Energy Regulator of South Africa of 10%

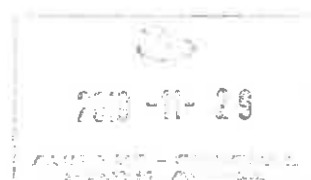


**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

<b>42</b>	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>	<b>2019 R</b>	<b>2018 R</b>
<b>42.1</b>	<b><u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u></b>		
	Opening balance		
	Council subscriptions	1 722 027	1 647 102
	Amount paid - current year	(1 722 027)	(1 647 102)
	Amount paid - previous years		
	<b>Balance unpaid (included in Payables from exchange transactions)</b>	<b>-</b>	<b>-</b>
<b>42.2</b>	<b><u>Audit fees - [MFMA 125 (1)(c)]</u></b>		
	Opening balance		
	Current year audit fee	3 398 314	2 874 314
	External Audit - Auditor-General	3 242 451	2 727 865
	Audit Committee	155 863	146 449
	Amount paid - current year	3 398 314	2 874 314
	<b>Balance unpaid (included in Payables from exchange transactions)</b>	<b>-</b>	<b>-</b>
<b>42.3</b>	<b><u>VAT - [MFMA 125 (1)(c)]</u></b>		
	Opening balance	5 816 358	7 962 606
	Amounts received - Output VAT - current year	(46 017 906)	(43 423 577)
	Amounts claimed - Input VAT - current year	48 441 795	42 746 301
	Amount paid - current year	2 215 128	6 493 633
	Amount - previous year	(5 816 358)	(7 962 606)
	<b>Closing balance</b>	<b>4 639 016</b>	<b>5 816 358</b>

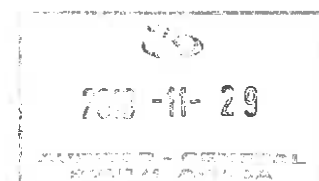
VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	<b>2019</b>	<b>2018</b>
	<b>R</b>	<b>R</b>
<b>42.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]</b>		
Opening balance		
Current year payroll deductions and Council Contributions	23 798 352	20 232 870
Amount paid - current year	(23 798 352)	(20 232 870)
<b>Balance unpaid (Included in Payables from exchange transactions)</b>	<b>-</b>	<b>-</b>
<b>42.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</b>		
Opening balance		
Current year payroll deductions and Council Contributions	37 656 025	34 302 259
Amount paid - current year	(37 656 025)	(34 302 259)
<b>Balance unpaid (included in Payables from exchange transactions)</b>	<b>-</b>	<b>-</b>
<b>42.6 Councilor's arrear consumer accounts - [MFMA 124 (1)(b)]</b>		
During the financial year the following Councillors were outstanding for more than 90 days at any instance		
Schuurman		4 066
Heradien		1 503
Abrahams		1 542
Swart	299	46
Laban		31 767
Mgoboza		8 893
Klaasen	3 475	
<b>Total Councillor Arrear Consumer Accounts</b>	<b>3 774</b>	<b>46 232</b>
Klaasen has lodged a dispute in terms of the municipal account		
Councillors outstanding for more than 90 days as at 30 June 2019:		
Abrahams	-	42
Laban	-	30 786
<b>Total Councillor Arrear Consumer Accounts at year end</b>	<b>-</b>	<b>30 828</b>



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**42.7** Discloser in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36 (2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36 (1) (a)

**2018/2019**

	Amount	Single Supplier	Type of deviation Impossible	Impractical	Emergency
July	288 677.75	4		1	3
August	676 184.16	5		5	9
September	552 187.07	6		4	3
October	1 799 274.86	6		14	1
November	508 630.88	8		10	5
December	344 415.98	6		12	4
January	24 724.50	1		1	1
February	427 415.33	5		7	2
March	357 540.01	2		10	6
April	225 219.34	3		7	0
May	549 363.00	10	-	10	1
June	5 368 556.19	3	-	11	1
	<b>11 122 188</b>	<b>59</b>	<b>-</b>	<b>92</b>	<b>36</b>

**2017/2018**

	Amount	Single Supplier	Impossible	Impractical	Emergency
July	487 231		-	11	6
August	681 960	6	-	13	5
September	269 549	2	-	7	4
October	871 119	9	-	16	5
November	453 688	6		10	1
December	422 087	5		7	4
January	2 246 008	6		5	
February	1 873 987	8		13	5
March	466 957	4		9	1
April	400 081	7		5	3
May	363 110	9		10	
June	1 045 966	6		17	8
	<b>9 581 743</b>	<b>68</b>	<b>-</b>	<b>123</b>	<b>42</b>



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**2019**  
**R**

**42.8 Regulation 45 - Details of awards made to close family members of persons in service of State**

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Williams Loodgieters	SR Williams	Spouse	R Williams	Dept. of Health: Nurse	R 297 253
Freddie Opperman	Freddie Opperman	Spouse	J Opperman	Western Cape Education Department: Teacher	R 70 215
Witzenberg Concrete	Derick Ontong	Wife	Crystal Ontong	Ceres Sekonder, Teacher (WCED)	R 61 468
SEW Plumbing	SE Williams	Spouse	L Williams	Dept. of Health: Admin Officer	R 63 548
		Son	R Williams	Dept. of Health: Nurse	
Regan Brown Attorneys	R Brown	Brother	E Johnson	City of Cape Town: Traffic Dept	R 494 895
		Brother	D Johnson	SAPS: Worcester	
O'Neill & Visser Attorneys	CW O'Neill	Spouse	H O'Neill	DOJ: Worcester	R 372 021
Vox Elektries	F Blom	Spouse	M Blom	SAPS: Officer	R 17 230
RJC Conservation Services		Son	Prins	Chief Professional Nurse: Wolseley Clinic Dep of Health	R 269 65
JC Fencing	JJ Abrahamse	Father	K Abrahamse	Witzenberg Municipality: Traffic Officer	R 5 430
SJ Peres	SJ Peres	Brother-in-law	S Peres	Witzenberg Municipality: Accountant Expenditure	R 8 300
CJ Services	C Hofmeester	Cousin	F Hofmeester	Witzenberg Municipality: SCM Practitioner	R 1 980
WAB Print Media (Pty) Ltd	Wayne Brink	Spouse	Adelene Brink	Drakenstein Municipality	R 26 733
AJ Rankin Basson Sport BK	J Wessels	Spouse	MJL Wessels	Witzenberg Municipality Social Worker	R 28 590
JMIL Dienste	Johannes Louwrens	Brother	Ci Croudace	Msunduzi Municipality - Admin officer	R 57 614
Xolisile Ernest malapi (XEM transport)	X Malapi	Husband	Ntombelizwe bianca malapi	Nurse -Ceres Provincial Hospital	R 37 600
T Square Framing (Arts and Events Skill Development) (Pty) Ltd	Van Rooi Theofilus & Maria	Daughter	Mariana Cornelius	Clinic - Supervisor	R 1 500

2019-01-29

# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### Regulation 45 - Details of awards made to close family members of persons in service of State - continued

2018

R

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Williams Loodgelters	SR Williams	Spouse	R Williams	Dept. of Health: Nurse	R 190 478
Freddie Opperman	Freddie Opperman	Spouse	J Opperman	Western Cape Education Department: Teacher	R 30 700
T Square Framing (Arts and Events Skill Development) (Pty) Ltd	M van Rooy	Daughter	M Cornelius	Clinic - Supervisor	R 300
	T van Rooy	Son-in-law	C Cornelius	Hermanus Municipality - SCM Storekeeper	
SEW Plumbing	SE Williams	Spouse	L Williams	Dept. of Health: Admin Officer	R 14 950
		Son	R Williams	Dept. of Health: Nurse	
Regan Brown Attorneys	R Brown	Brother	E Johnson	City of Cape Town: Traffic Dept	R 377 775
		Brother	D Johnson	SAPS: Worcester	
O'Neill & Visser Attorneys	CW O'Neill	Spouse	H O'Neill	DOJ: Worcester	R 542 504
Vox Elektries	F Blom	Spouse	M Blom	SAPS: Officer	R 34 201
RJC Conservation Services		Son	Prins	Chief Professional Nurse: Wolseley Clinic Dep of Health	R 39 000
Powerrec (Pty) Ltd	Vuyokazi Machimana	Mother	B Skonsana	Gauteng Department of Health: Nurse	R 45 433
JC Fencing	JJ Abrahamse	Father	K Abrahamse	Witzenberg Municipality: Traffic Officer	R 129 960
SJ Peres	SJ Peres	Brother-in-law	S Peres	Witzenberg Municipality: Accountant Expenditure	R 12 600
CJ Services	C Hofmeester	Cousin	F Hofmeester	Witzenberg Municipality: SCM Practitioner	R 5 875
AON (Pty) Ltd	N Mangyanga	Mother	Gladys Thivhafuni Ravele	Department of Education	R 601 586
		Father	George Takalani Ravele	Department of Transport	
WAB Print Media (Pty) Ltd	Wayne Brink	Spouse	Adelene Brink	Drakenstein Municipality	R 26 915
AJ Rankin Basson Sport BK	J Wessels	Spouse	MJL Wessels	Witzenberg Municipality Social Worker	R 49 863
JMIL Dlenste	Johannes Louwrens	Brother	Cl Croudace	Msunduzi Municipality - Admin officer	R 345 704
Koue Bokkeveld Training Centre	C Roberts	Spouse	R Roberts	Witzenberg Municipality Law Enforcement Officer	R 2 339

43

### COMMITMENTS

#### Commitments in respect of expenditure:

#### Approved and contracted for

Infrastructure  
Community  
Other Capital  
Operational

152 173 668

106 003 797

53 599 487	53 127 802
3 296 113	-
14 268 053	-
81 010 016	52 875 996

#### Approved but not yet contracted for

Infrastructure  
Community  
Other Capital  
Operational

4 823 677

-

-	-
-	-
-	-
4 823 677	-

#### Total

156 997 345

106 003 797

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# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

44

### FINANCIAL RISK MANAGEMENT

2019  
R

2018  
R

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

#### (a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

#### (b) Price risk

The municipality is not exposed to price risk.

#### (c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

0.5% Increase in interest rates	440 198	450 141
0.5% Decrease in interest rates	(440 198)	(450 141)

#### (d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss. Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

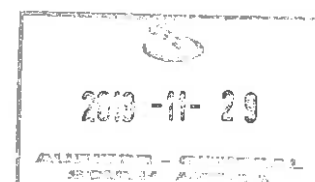
All rates and services are payable within 30 days from invoice date. Refer to note 3 and 4 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 3 for balances included in receivables that were re-negotiated for the period under review.

#### Balances past due not impaired:

	2019 %	2019 R	2018 %	2018 R
<b>Non-Exchange Receivables</b>				
Rates & other charges	0.00%	-	0.00%	-
<b>Exchange Receivables</b>				
Electricity	87.93%	33 412 961	100.00%	31 092 890
Water	12.48%	8 699 492	17.18%	9 707 338
Housing Rentals	6.99%	106 614	17.27%	207 044
Refuse	8.75%	3 217 051	14.22%	4 154 663
Sewerage	8.13%	2 635 212	12.99%	3 326 681
Other	34.28%	624 364	30.03%	422 828
Land Sales	100.00%	721 701	100.00%	452 058
	<b>26.98%</b>	<b>49 417 394</b>	<b>32.33%</b>	<b>49 363 503</b>

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 3 and 4 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.



**WITZENBERG MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

44

**FINANCIAL RISK MANAGEMENT CONTINUED**

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2019 %	2019 R	2018 %	2018 R
<u>Exchange Receivables</u>				
Electricity	3.48%	4 585 214	5.20%	5 269 422
Water	46.38%	61 028 275	46.16%	46 799 475
Housing Rentals	1.08%	1 418 980	0.98%	991 814
Refuse	25.51%	33 568 267	24.71%	25 058 129
Sewerage	22.63%	29 778 602	21.98%	22 285 534
Other	0.91%	1 197 150	0.97%	984 981
	<b>100.00%</b>	<b>131 576 488</b>	<b>100.00%</b>	<b>101 389 355</b>

The provision for bad debts could be allocated between the different categories of debtors as follows:

	2019 %	2019 R	2018 %	2018 R
Residential	95.36%	125 474 948	89.87%	91 119 676
Commercial	2.34%	3 079 393	3.95%	4 000 882
Government	0.00%	-	0.00%	48
Other	2.30%	3 022 147	6.18%	6 268 749
	<b>100.00%</b>	<b>131 576 488</b>	<b>100.00%</b>	<b>101 389 355</b>

**Bad debts written off per debtor class:**

<u>Exchange Receivables</u>				
Electricity	0.00%	-	3.12%	(1 632 274)
Water	60.13%	(3 820)	49.80%	(26 065 202)
Housing Rentals	0.00%	-	1.56%	(817 856)
Refuse	22.57%	(1 434)	26.20%	(13 715 071)
Sewerage	16.96%	(1 078)	18.22%	(9 539 030)
Other	0.34%	(22)	1.10%	(573 594)
	<b>100.00%</b>	<b>(6 353)</b>	<b>100.00%</b>	<b>(52 343 027)</b>

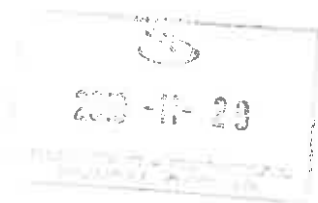
The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

**Financial assets exposed to credit risk at year end are as follows:**

	2019 R	2018 R
Long term receivables		
Receivables from exchange transactions	51 610 725	51 307 415
Cash and Cash Equivalents	94 262 085	97 496 777
Unpaid conditional grants and subsidies	4 036 901	2 379 678
	<b>149 909 711</b>	<b>151 183 870</b>



# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 44 FINANCIAL RISK MANAGEMENT CONTINUED

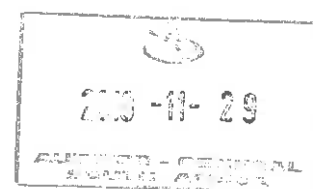
#### (e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
<b>2019</b>				
Borrowing	2 301 293	4 923 244	-	-
Capital repayments	1 817 812.37	4 404 593.93	-	-
Interest	483 480.67	518 649.58	-	-
Trade and Other Payables	37 047 747	-	-	-
Unspent conditional government grants and receipts	10 575 042	-	-	-
	<u>49 924 082</u>	<u>4 923 244</u>	<u>-</u>	<u>-</u>
<b>2018</b>				
Borrowing	2 870 103	8 068 336	-	-
Capital repayments	2 276 380.00	5 204 971.00	-	-
Interest	593 723.00	863 365.00	-	-
Trade and Other Payables	31 436 989	-	-	-
Unspent conditional government grants and receipts	5 750 091	-	-	-
	<u>40 057 183</u>	<u>6 068 336</u>	<u>-</u>	<u>-</u>



# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

45	FINANCIAL INSTRUMENTS		2019 R	2018 R
	In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:			
	The fair value of financial instruments approximates the amortised costs as reflected below.			
45.1	<b>Financial Assets</b>	<b>Classification</b>		
	<b>Receivables</b>			
	Receivables from exchange transactions	Financial Instruments at amortised cost	51 610 725	51 307 415
	<b>Other Receivables</b>			
	Government Subsidies and Grants	Financial Instruments at amortised cost	4 036 901	2 379 678
	<b>Short-term Investment Deposits</b>			
	Call Deposits	Financial Instruments at amortised cost		
	<b>Bank Balances</b>			
	Bank Balances	Financial instruments at amortised cost	94 262 085	97 496 777
			<u>149 909 711</u>	<u>151 183 870</u>
	<b>SUMMARY OF FINANCIAL ASSETS</b>			
	Financial instruments at amortised cost		149 909 711	151 183 870
	<b>At amortised cost</b>		<u>149 909 711</u>	<u>151 183 870</u>
45.2	<b>Financial Liability</b>	<b>Classification</b>	2019 R	2018 R
	<b>Long-term Liabilities</b>			
	Annuity Loans	Financial instruments at amortised cost	3 922 786	5 304 458
	Capitalised Lease Liability	Financial instruments at amortised cost	781 565	
	<b>Payables from exchange transactions</b>			
	Trade creditors	Financial Instruments at amortised cost	13 665 914	7 754 548
	Retentions	Financial Instruments at amortised cost	2 377 252	3 737 645
	Deposits	Financial Instruments at amortised cost	44 403	32 518
	Other	Financial Instruments at amortised cost	23 337 430	23 649 923
	<b>Other Payables</b>			
	Government Subsidies and Grants	Financial instruments at amortised cost	10 575 042	5 750 091
	<b>Current Portion of Long-term Liabilities</b>			
	Annuity Loans	Financial instruments at amortised cost	1 381 672	2 176 896
	Capitalised Lease Liability	Financial instruments at amortised cost	136 386	
			<u>56 222 450</u>	<u>48 406 079</u>
	<b>SUMMARY OF FINANCIAL LIABILITY</b>			
	Financial instruments at amortised cost		<u>56 222 450</u>	<u>48 406 079</u>

2019-11-29

# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 46 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

### 47 CONTINGENT LIABILITY

Claims against Council

2019  
R

2018  
R

2 265 766

3 013 366

Estimate legal Fees

850 000

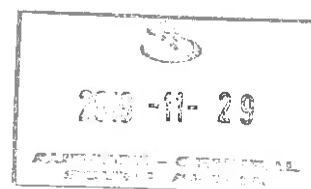
110 000

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. Management are respectfully of opinion that this matter will be successfully defended. The Municipality is defending all the claims. The amounts indicated is Management's estimated financial exposure. The following are narratives of the cases:

F Daniels / SALGBC & two others	The applicant was the former Manager of Traffic. He was dismissed after an internal disciplinary hearing on 21/09/2009, where after he unsuccessfully appealed internally against the sanction of dismissal. Management is of opinion that the risk of the municipality being ordered to pay Mr Daniel's legal fees is slim.	-	1 000 000
L Louw	A child was assaulted at the Pine Forest. The claimant alleged that the security measures at the Pine Forest were not sufficient to protect the child. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	950 000	1 427 600
Gunter	Plaintiff claims damages from the municipality after she fell on the sidewalk. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	585 766	585 766
Rijk's Cellars	High Court Litigation - Appeal against waste licence by MEC	250 000	-
R Du Plessis	Claim in term of Labour Relations Act 66 of 1995	480 000	-

2 265 766

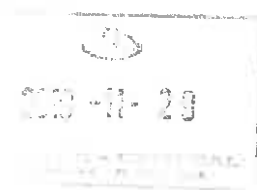
3 013 366



# WITZENBERG MUNICIPALITY

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

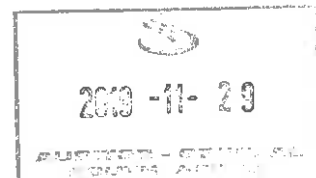
		2019	2018
		R	R
<b>48</b>	<b>RELATED PARTIES</b>		
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.		
	The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.		
<b>48.1</b>	<b>Related Party Loans</b>		
	Since 1 July 2004 loans to councillors and senior management employees are not permitted.		
<b>48.2</b>	<b>Compensation of key management personnel</b>		
	The compensation of key management personnel is set out in Note 26 to the Annual Financial Statements.		
<b>48.3</b>	<b>Other related party transactions</b>		
	No purchases were made during the year where Councillors or staff have an interest.		
<b>48.4</b>	<b>Ceres Koekedouw Management Committee</b>		
	Ceres Koekedouw Management Committee is an entity established by the Witzenberg Municipality and the Koekedouw Irrigation Board. Ceres Koekedouw Management Committee is responsible for the management of the Koekedouw Dam, jointly owned by Witzenberg Municipality and the Koekedouw Irrigation Board.		
	The following contributions included with General Expenses were paid to the Ceres Koekedouw Management Committee	<u>637 330</u>	<u>934 826</u>
<b>49</b>	<b>FINANCIAL SUSTAINABILITY</b>		
	Management is of the opinion that the Municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.		
	<b>Financial Indicators</b>		
	The current ratio decreased to 2.01 from 2.22 in the prior year.		
	Cash and Cash Equivalents have decreased to R 94 million from R 98 million in the prior year.		





**APPENDIX A - Unaudited**  
**WITZENBERG MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2019**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2018	Received during the period	Redeemed / written off during the period	Balance at 30 JUNE 2019
<b>ANNUITY LOANS</b>				<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
NEDBANK	8.00%	5032032 0001	2023/05/30	5 220 225	-	883 906	4 336 319
DBSA	15.25%	11188/101	2018/09/30	848 998	-	848 998	-
DBSA	15.50%	10772/101	2018/09/30	193 376	-	193 376	-
DBSA	9.50%	102040/1	2021/09/30	128 746	-	32 615	96 131
DBSA	8.59%	100605/1	2021/12/31	1 090 007	-	218 001	872 005
<b>Total Annuity Loans</b>				<b>7 481 351</b>	<b>-</b>	<b>2 176 896</b>	<b>5 304 455</b>
<b>LEASE LIABILITY</b>							
Office Equipment	10.00%		2021/06/30	-	1 217 706	299 755	917 951
<b>Total Lease Liabilities</b>				<b>-</b>	<b>1 217 706</b>	<b>299 755</b>	<b>917 951</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>7 481 351</b>	<b>1 217 706</b>	<b>2 476 650</b>	<b>6 222 406</b>



**APPENDIX B - Unaudited  
WITZENBERG MUNICIPALITY  
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019  
MUNICIPAL VOTES CLASSIFICATION**

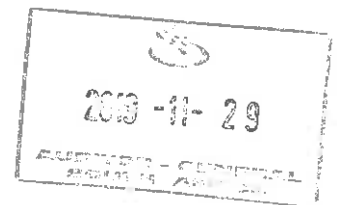
2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
83 510 949	(29 443 602)	54 067 347	Budget and Treasury Office	86 081 913	(36 362 779)	49 719 134
139 808 692	(121 929 345)	17 879 347	Civil services	139 277 888	(143 957 581)	(4 679 692)
81 108 647	(27 298 077)	53 810 570	Community and social services	96 833 337	(25 857 031)	70 976 306
754 958	(40 873 136)	(40 118 178)	Corporate Services	1 056 665	(43 316 539)	(42 259 873)
211 203 148	(199 669 546)	11 533 602	Electro Technical Services	227 519 804	(205 463 477)	22 056 327
-	(19 349 505)	(19 349 505)	Executive and Council	-	(20 508 153)	(20 508 153)
13 006 360	(16 477 397)	(3 471 037)	Housing	9 048 659	(12 953 914)	(3 905 255)
1 004 366	(5 124 377)	(4 120 011)	Planning	1 191 291	(5 635 938)	(4 444 647)
28 308 513	(42 415 323)	(14 106 811)	Public Safety	20 079 195	(35 404 482)	(15 325 288)
7 599 636	(23 691 279)	(16 091 642)	Sport and recreation	6 961 830	(25 260 660)	(18 298 829)
<b>566 305 268</b>	<b>(526 271 587)</b>	<b>40 033 681</b>	<b>Total</b>	<b>588 050 584</b>	<b>(554 720 556)</b>	<b>33 330 028</b>

2019-11-20

WITZENBERG - MUNICIPAL  
COUNCIL AND SA

**APPENDIX C - Unaudited**  
**WITZENBERG MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
80 711 909	(21 823 523)	58 888 386	Community and social services	96 258 277	(22 873 136)	73 385 141
211 203 148	(199 535 965)	11 667 183	Energy sources	226 811 471	(205 288 676)	21 522 795
1 752	(1 319 529)	(1 317 777)	Environmental protection	87 781	(648 800)	(561 019)
-	(24 088 069)	(24 088 069)	Executive and council	-	(23 528 410)	(23 528 410)
84 265 907	(65 398 173)	18 867 734	Finance and administration	87 138 578	(74 937 260)	12 201 318
13 006 360	(16 477 397)	(3 471 037)	Housing	9 048 659	(12 953 914)	(3 905 255)
-	(2 145 483)	(2 145 483)	Internal audit	-	(2 315 978)	(2 315 978)
1 399 352	(8 865 963)	(7 466 611)	Planning and development	1 678 570	(9 048 627)	(7 370 057)
28 308 513	(39 115 281)	(10 806 768)	Public safety	18 945 868	(31 704 800)	(12 758 932)
4 189 352	(24 772 184)	(20 582 832)	Road transport	19 952 379	(28 014 723)	(8 062 344)
7 599 636	(23 691 279)	(16 091 642)	Sport and recreation	6 961 830	(25 260 660)	(18 298 829)
25 965 490	(41 979 692)	(16 014 202)	Waste management	25 347 030	(46 066 193)	(20 719 163)
42 108 382	(28 943 471)	13 164 910	Waste water management	46 166 309	(34 375 865)	11 790 444
67 545 469	(28 115 579)	39 429 890	Water management	49 653 832	(37 703 513)	11 950 318
566 305 268	(526 271 587)	40 033 681	<b>Total</b>	588 050 584	(554 720 556)	33 330 028

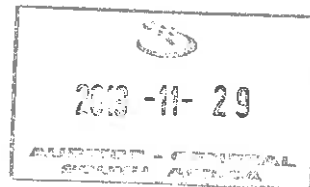


**APPENDIX D - Unaudited  
WITZENBERG MUNICIPALITY  
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF MFMA, 56 OF 2003**

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance 1 JULY 2018 (Unpaid)	Grants Received	Grants Capital Received	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2019	Unspent 2019 (Payable)	Unpaid 2019 (Receivable)
<b>National Government Grants</b>	R	R	R	R	R	R	R	R	R
Finance Management Grant	17 747	1 550 000	-	(18 000)	(922 825)	-	626 922	626 922	-
DWAF - Drought relief	-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant	(95 671)	22 031 000	-	-	-	(22 030 489)	(95 160)	-	95 160
Municipal Infrastructure Grant	(183 768)	9 500 000	-	-	-	(2 874 997)	6 441 235	6 441 235	-
Regional Bulk Infrastructure Grant (DWAF)	(801 458)	5 000 000	-	-	-	(4 849 738)	(651 196)	-	651 196
Integrated National Electricity Program	-	84 602 000	-	-	(84 602 000)	-	-	-	-
Equitable share	-	-	-	-	-	-	-	-	-
Department of Rural Development	471 155	-	-	-	-	-	471 155	471 155	-
ACIP funds (DWAF)	(29 359)	1 780 000	-	-	(2 026 381)	-	(275 740)	-	275 740
Expanded Public Works Programme	321	-	-	-	-	-	321	321	-
Neighbourhood Development Plan	-	-	-	-	-	-	-	-	-
<b>Provincial Government Grants</b>	-	9 342 000	-	-	(8 942 000)	-	400 000	400 000	-
Library services	-	-	-	-	-	-	-	-	-
Library services Replacement Funding	449 428	-	-	-	(6 451)	-	442 977	442 977	-
CDW	(16 800)	119 000	-	-	-	-	102 200	102 200	-
Main roads	(1 046 497)	-	-	-	-	-	(1 046 497)	-	1 046 497
Municipal Infrastructure Support Grant	-	-	-	-	-	-	-	-	-
Drought Relief	-	-	-	-	-	-	-	-	-
Public Transport	346 000	2 000 000	-	-	-	(2 115 539)	230 461	230 461	-
Planning	-	-	-	-	-	-	-	-	-
Human Settlement Development	3 295 671	29 982 563	-	-	(8 771 481)	(25 743 845)	(1 237 082)	-	1 237 082
Sport	-	-	-	-	-	-	-	-	-
Library Capital	-	-	-	-	-	-	-	-	-
Multipurpose Centre	-	-	-	-	-	-	-	-	-
Capacity Building (Internship)	-	-	-	-	-	-	-	-	-
Municipal Infrastructure	(206 126)	-	-	-	-	-	(206 126)	-	206 126
Financial Management Support	329 770	330 000	-	-	-	-	659 770	659 770	-
Financial Management	(60 000)	360 000	-	-	-	-	300 000	300 000	-
Local Government Compliance	-	-	-	-	-	-	-	-	-
MSCOA Grant	-	-	-	-	-	-	-	-	-
Regional Social Economical Pro	-	-	-	-	-	-	-	-	-
<b>District Municipality</b>	-	-	-	-	-	-	-	-	-
Parks and recreation	800 000	300 000	-	-	-	(299 999)	800 001	800 001	-
Tourism Route Development	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	-	-	-	(525 090)	(525 090)	-	525 090
Planning and Development	100 000	-	-	-	-	-	100 000	100 000	-
<b>Other</b>	-	-	-	-	-	-	-	-	-
Essen Belgium	1 833 369	928 705	-	-	(562 311)	-	2 199 763	2 199 763	-
China - Water meters	32 135	-	-	-	(12 602)	-	19 533	19 533	-
Table Mountain - Clearing Alien Vegetation	-	-	-	-	-	-	-	-	-
<b>Total</b>	5 235 917	167 825 268	-	(18 000)	(105 846 051)	(58 439 697)	8 757 437	12 794 336	4 036 901

**APPENDIX D - Unaudited  
WITZENBERG MUNICIPALITY  
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF MFMA, 56 OF 2003**

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance 1 JULY 2017 (Unpaid)	Grants Received	Grants Capital Received	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2018	Unspent 2018 (Payable)	Unpaid 2018 (Receivable)
	R	R	R	R	R	R	R	R	R
<b>National Government Grants</b>									
Finance Management Grant	(261 315)	1 550 000	-	-	(1 259 695)	(11 243)	17 747	17 747	-
DWAF - Drought relief	-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant	(90 419)	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	(114 347)	22 739 000	-	-	-	(22 744 251)	(95 670)	-	95 670
Regional Bulk Infrastructure Grant (DWAF)	(801 458)	-	-	-	-	(69 421)	(183 768)	-	183 768
Integrated National Electricity Program	-	-	-	-	-	-	(801 458)	-	801 458
Equitable share	-	70 412 000	-	-	(70 412 000)	-	-	-	-
Department of Rural Development	471 155	-	-	-	-	-	471 155	471 155	-
ACIP funds (DWAF)	(14 044)	1 485 000	-	-	(1 500 315)	-	(29 359)	-	29 359
Expanded Public Works Programme	321	-	-	-	-	-	321	321	-
Neighbourhood Development Plan	-	-	-	-	-	-	-	-	-
<b>Provincial Government Grants</b>									
Library services	(1 43)	2 600 000	-	-	(2 600 000)	-	-	-	-
Library services Replacement Funding	417 281	5 450 000	-	-	(5 449 857)	-	449 427	449 427	-
CDW	(16 800)	120 000	-	-	(115 854)	-	(16 800)	-	16 800
Main roads	(759 017)	(288 480)	-	-	(120 000)	-	(1 046 497)	-	1 046 497
Municipal Infrastructure Support Grant	-	-	-	-	-	-	-	-	-
Drought Relief	-	-	-	-	-	-	-	-	-
Public Transport	-	-	-	-	-	-	-	-	-
Planning	-	-	-	-	-	-	-	-	-
Human Settlement Development	566 634	30 567 514	-	-	(12 643 351)	(15 195 126)	3 295 671	3 295 671	-
Sport	-	-	-	-	-	-	-	-	-
Library Capital	-	-	-	-	-	-	-	-	-
Multipurpose Centre	322 000	-	-	(322 000)	-	-	-	-	-
Capacity Building (Internship)	60 000	286 000	-	(60 000)	-	-	286 000	286 000	-
Municipal Infrastructure	(206 126)	288 480	-	-	-	(288 480)	(206 126)	-	206 126
Financial Management Support	343 767	330 000	-	(343 997)	-	-	329 770	329 770	-
Financial Management	120 000	240 000	-	(120 000)	(240 000)	-	-	-	-
Local Government Compliance	-	-	-	-	-	-	-	-	-
MSCOA Grant	-	-	-	-	-	-	-	-	-
Regional Social Econimical Pro	-	-	-	-	-	-	-	-	-
<b>District Municipality</b>									
Parks and recreation	300 000	-	-	-	-	-	300 000	300 000	-
Tourism Route Development	-	100 000	-	-	-	-	100 000	100 000	-
Sanitation Infrastructure	-	500 000	-	-	-	-	500 000	500 000	-
Planning and Development	-	-	-	-	-	-	-	-	-
<b>Other</b>									
Essen Belgium	925 332	1 185 716	-	-	(277 679)	-	1 833 369	1 833 369	-
China - Water meters	49 904	-	-	-	(17 769)	-	32 135	32 135	-
<b>Total</b>	<b>1 313 725</b>	<b>137 713 230</b>	<b>-</b>	<b>(845 997)</b>	<b>(94 636 520)</b>	<b>(38 306 521)</b>	<b>5 235 917</b>	<b>7 615 595</b>	<b>2 379 676</b>



## AUDITOR-GENERAL REPORT

# Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Witzenberg Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Witzenberg Municipality set out on pages 2 to 69, which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year ended 30 June 2019, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Witzenberg Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act no. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2018 (Act no. 1 of 2018) (Dora).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants*, and parts 1 and 3 of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA codes), as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.



### Restatement of corresponding figures

7. As disclosed in note 37 to the financial statements, the corresponding figures for 30 June 2018 have been restated as a result of errors discovered during 2018-19 in the financial statements of the municipality for the year ended 30 June 2019.

### Material losses/impairments

8. As disclosed in note 3 to the financial statements, the municipality has provided for an impairment of R131,6 million (2017-18: R101,4 million) on receivables from exchange transactions.
9. As disclosed in note 4 to the financial statements, the municipality has provided for impairment of receivables from non-exchange transactions of R36,1 million (2017-18: R47 million).

### Other matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Unaudited supplementary information

11. The supplementary information set out on pages 70 to 74 of the financial statements does not form part of the financial statements and is presented as additional information. I have not audited this information and, accordingly, I do not express an opinion on it.

### Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

### Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.



## Auditor-general's responsibilities for the audit of the financial statements

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

### Report on the audit of the annual performance report

#### Introduction and scope

17. In accordance with the Public Audit Act of South Africa, 2004 (Act no. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected strategic objective presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
18. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic objective presented in the annual performance report of the municipality for the year ended 30 June 2019:

Strategic objective	Pages in the annual performance report
Strategic objective – essential services	57 – 58

20. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance

planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

21. I did not raise any material findings on the usefulness and reliability of the reported performance information for this strategic objective:

- Essential services

### **Other matter**

22. I draw attention to the matter below.

### **Achievement of planned targets**

23. Refer to the annual performance report on pages 57 to 58 for information on the achievement of planned targets for the year.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

25. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

## **Other information**

26. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the accounting officer's report and the audit, risk and performance committee's report. The other information does not include the financial statements, the auditor's report and the selected strategic objective presented in the annual performance report that has been specifically reported in this auditor's report.

27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements

and the selected strategic objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

29. I have nothing to report in this regard.

#### Internal control deficiencies

30. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal controls.

*Auditor-General*

Cape Town

30 November 2019



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## **Annexure – Auditor-general's responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for the selected strategic objective and on the municipality's compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Witzenberg Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

PERFORMANCE, RISK & AUDIT COMMITTEE REPORT

# PERFORMANCE, RISK AND AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2019

## 1. Legislative Requirements

The purpose of this report is to communicate to the council the Performance, Risk and Audit Committee's (PRAC) progress to date in carrying out its oversight responsibilities in terms of section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003, as amended) (MFMA). The Municipal Planning and Performance Management Regulations, 2001, regulation 14(2)(a) requires the municipality to establish a performance Audit Committee. Regulation 14(2)(c) states that a municipality may utilize any Audit Committee established in terms of other applicable legislation as the performance Audit Committee.

The MFMA obliges every municipality to establish an independent Audit Committee, which must advise the municipal council, political office-bearers, accounting officer and management staff of the municipality on matters relating to internal financial controls and internal audits, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with the MFMA, the annual Division of Revenue Act (DoRA) and any other applicable legislation, and any other issues referred to it by the municipality. The municipality has opted to have a combined Performance, Risk and Audit Committee.

PRAC is governed by a formal charter, which is regularly reviewed and approved by the Council. The committee is pleased to present its report for the financial year ended 30 June 2019.

## 2. Audit Committee's responsibility

The PRAC has complied with its responsibilities arising from section 166 of the MFMA and reports that it operated in terms of the Audit Committee charter.

## 3. Audit Committee members and attendance

PRAC was established in accordance with section 166 of the MFMA. The PRAC charter requires that the committee comprises of a minimum of five members of whom none must be in the employ of the municipality.

The PRAC comprises five members, including the chairperson, Mr J. George. In terms of section 166(4)(b) of the MFMA, the Audit Committee must meet at least four times a year. During the financial year ended 30 June 2019, the Audit Committee met on seven occasions. The table below shows the attendance of these meetings:

Name	Date of appointment	Qualifications	Number of meetings scheduled	Number of meetings attended
Mr J. George (Chairperson)	1 November 2016	B Compt (Honours) CA(SA)	7	7
Mr J. Basson	1 August 2018	B Compt (Honours) CA(SA)	7	7
Mr T. Lesihla	1 August 2018	Master of Technology, Information Technology	7	5
Mr F. Redelinghuys	1 November 2016	B Compt (Honours) CA(SA)	7	7
Ms C. Fagan	1 August 2018	B.Com(Acc), AD Risk Management, PD Risk Management	7	6

The members of the PRAC held meetings with the municipal manager as the accounting officer, senior management of the municipality, the internal audit function and the external auditors collectively on matters related to governance, internal control and risk and performance management in the municipality, throughout the reporting period.

#### 4. Effectiveness of internal control

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The PRAC acknowledges management's efforts to strengthen internal controls in the municipality. The Performance, Risk and Audit Committee (PRAC) raised concern that in certain instances the matters reported by the external auditors and the internal audit function in prior years have not been fully and satisfactorily addressed. Management has given assurance that effective corrective action will be implemented and will be monitored through Performance Management.

The municipality has adopted anti-corruption measures to prevent and detect fraud and corruption.

Due to the strategic importance of, and investment in, the modernisation of information and communication technology (ICT) in the municipality, the PRAC has monitored the risk register and progress reports on the respective action plans during the year under review. The PRAC is of the view that the management of ICT risks can be improved.

#### 5. The quality of monthly and quarterly reports submitted in terms of the MFMA and DORA

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The PRAC reviewed and where applicable advised on the following:

- Internal audit reports
- Management Audit Action Plan
- Annual audit plans
- AGSA's audit and Management report
- Annual Financial Statements
- Annual Performance Report
- Section 71 reports
- Section 72 report
- Section 52(d) reports, including the performance reports
- Quarter Risk Management reports
- Annual Risk assessment Report

The PRAC is satisfied with the content and quality of reporting prepared and issued during the year under review in compliance with the statutory framework. The PRAC has engaged with management to remedy shortcomings, especially relating to the reports on performance against predetermined objectives. The committee has recommended that specific process be implemented to ensure that the information reported is both useful and reliable in terms of the applicable reporting framework.

The PRAC has reviewed and commented on the municipality's annual financial statements and report on performance information and their timely submission to the external auditors by 31 August 2019.

#### 6. Internal audit function

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The accounting officer is obliged, in terms of section 165 of the MFMA, to ensure that the entity has a system of internal audit under the control and direction of PRAC. PRAC is satisfied that the internal audit function has properly discharged its functions and responsibilities during the year under review.

The PRAC reviewed its current three year risk based audit plan and reviewed the actual internal audit work that was conducted by the Internal Audit Unit in relation to the one year internal audit plan.

The PRAC is satisfied that the internal audit function operated effectively and that it has addressed the risks pertinent to the municipality. To this extend the PRAC expresses their appreciation to the Internal Auditors for the work performed.

#### 7. Enterprise Risk Management function

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PRAC is responsible for the oversight of the risk management function.



The PRAC has reviewed the completeness of the enterprise risk assessment process implemented by management and the alignment thereof to the risk-based audit plan. The PRAC has also reviewed the risk appetite, risk profile and action plans implemented by management to mitigate risk.

PRAC advises management towards the improvement of risk management.

## 8. Evaluation of the finance function

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The PRAC is satisfied with the municipality's finance function during the year under review however, PRAC has informed management and Council of its concerns regarding the vacant Chief Financial Officer position.

## 9. Performance management

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Part of the responsibilities of PRAC includes the review of performance management. PRAC has in terms of the performance of the municipality performed the following functions:

- Review and comment on compliance with statutory requirements and performance management best practices and standards;
- Review and comment on the alignment of the integrated development plan, budget, service delivery and budget implementation plan and performance agreements;
- Review and comment on the relevance of indicators to ensure that they are measurable and relate to services performed by the municipality and its entities;
- Review of compliance with in-year reporting requirements;
- Review of the quarterly performance reports submitted by the internal audit function; and
- Review and comment on the municipality's performance management system and making recommendations for its improvement.

PRAC has recommended the following to Council:

- To improve the functionality of the performance management system, timeous monitoring and reviewing of the portfolios of evidence should be implemented and management should embrace the recommendations by Internal Audit and ensure continuous monitoring to address the control deficiencies.
- Where Management has agreed to specific action plans these should be implemented timeously to improve the control environment and performance.

## 10. Fraud and irregular activities

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No instances of fraud, financial misconduct, unauthorised and fruitless expenditure has been reported by management. The PRAC has reviewed the fraud prevention policies and strategy including the whistle blowing policy.

### Irregular Expenditure

The following is an extract from note 40 of the Annual Financial Statements.

*"Irregular expenditure awaiting further action R27,674,357"*

*SCM Regulation 32 contracts classified as irregular during audit process by AGSA. The contracts used of other organs of state was on rates with no fixed quantities and therefore it cannot be said that any part of the contract is irregular or the whole contract as currently disclosed. The municipality is not in agreement with this view and this issue will be dealt with in terms of the audit engagement letter process. Prior and current year being disclosed as per opinion of AGSA."*

After discussions with Management and the AGSA PRAC notes with concern that a conclusion has not been reached on this matter.

PRAC notes that the AGSA issued a clean audit report despite the irregular expenditure noted above.

## 11. Evaluation of the annual financial statements

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The PRAC has:

- Reviewed and discussed the audited annual financial statements to be included in the Annual Report with the AGSA, the Municipal Manager, the Chief Financial Officer and other officials employed by the municipality; and
- Reviewed changes in accounting policies and practices as applicable.

The PRAC accordingly concurs with and supports the AGSA conclusion on the annual financial statements, and is of the opinion that the audited annual financial statements can be accepted.

## 12. External auditor's report

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The PRAC concurs with and accepts the conclusion and audit opinion of the external auditors on the annual financial statements. The committee is of the view that the audited financial statements be accepted and read together with the report of the external auditors. The PRAC confirms that it has been informed throughout the audit process and issues giving rise to the audit opinion.

The external audit function, performed by the Auditor General South Africa (AGSA) is independent of the Municipality. The PRAC has met with the external auditors to ensure that there are no unresolved issues and acknowledges the diligence and cooperation of the external audit team.

On behalf of Performance, Risk and Audit Committee



Mr Jonathan George

Performance, Risk and Audit Committee Chairperson

Witzenberg Municipality

10 December 2019

